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## The Pogo mine is steadily producing gold

### ■ The first full-fledged overseas mine operated by a Japanese firm

We had an opportunity to visit the Pogo gold mine, in which Sumitomo Metal Mining has an 85% stake. Most of the overseas mines developed by Japanese firms are small in terms of scale and risk incurred, but SMM was engaged in the Pogo mine's development right from the high-risk initial research stage. This represents an historic successful example of overseas mine development by a Japanese firm.

### ■ High-quality management and steady operations

While pursuing profitability, the Pogo mine operates steadily under high-quality management that takes into consideration safety and the environment. SMM and local staff are achieving synergies at the mine in the form of improved yields and the acquisition of new reserves.

### ■ Increasingly confident in becoming a major non-ferrous metal maker

Having succeeded in overseas output at the Pogo gold mine, SMM is accumulating knowhow on overseas mining operations, and is becoming increasingly confident in its ability to become one of the major non-ferrous metal manufacturers. The company is highly likely to move forward with its second and third overseas mine development projects.

Photo: The first dore produced at the Pogo gold mine (source: SMM)

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# The Pogo gold mine is steadily producing gold

## We visited the Pogo gold mine

On 27 September 2010, we set foot in Fairbanks, which calls itself the Golden Heart City of Alaska, to visit the Pogo gold mine, Sumitomo Metal Mining (SMM)'s first overseas mine with an 85% stake (obtained in 2009).

### Fairbanks

Fairbanks is the core city of the Fairbanks North Star Borough at the centre of the US state of Alaska. It is the second largest city in Alaska (the largest is Anchorage), and the largest in Alaska's inland area.

To the south of Fairbanks is the Alaska Range including Mt. McKinley, and to the north is the Brooks Range. It is situated in the basin of the Tanana River and the Chena River, as well as the tributaries of the great Yukon River, and is a spacious city with gentle hills and birch and spruce forests.

Figure 1: Panoramic view of Fairbanks

Source: UBS

Very cold place

The centre of Fairbanks is located at latitude 64.50.17 degrees north and longitude 147.43.35 degrees west, and is about 160km south of the Arctic. The city covers 84.6km$^2$ of land. As we drove around the city, we saw a street sign saying 'THE ARCTIC FROM HERE'. It is a very cold place, where it is said that 'beyond latitude 65 degrees north, there is no saving grace of God or human rules'. We saw few people in the city.

In the inland area, including in Fairbanks, the climate changes dramatically between summer and winter. The average temperature range in summer is 10 to 22 degrees C, with the highest temperature ever recorded being 33.9 degrees C.

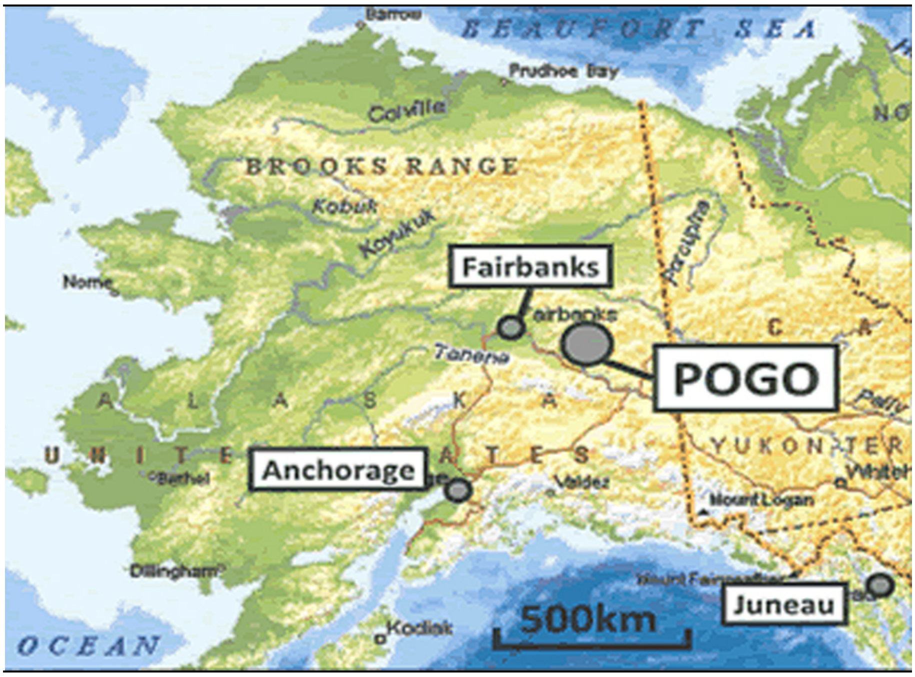
In winter, the average temperature range is –30 to –19 degrees C, with the lowest temperature ever recorded being –61 degrees C. When the seasons change in September and March, the temperature may change by as much as 30 degrees C within a 24-hour period (day to night). As we discuss later, a key managerial issue is to find ways to stabilize employees' living conditions in such a tough climate.

The history of the Gold Rush

Around 1900, gold was discovered in Klondike, near the border between Alaska and Canada, and the entire state of Alaska experienced a frenzied gold rush. When an Italian, Felix Pedro, discovered gold in a valley in the tributary of the Tanana River near Fairbanks, a trading post was opened at the meeting point of the Tanana River and the Chena River.

The city developed from that time, and was named Fairbanks in 1903 after senator Charles W. Fairbanks. There are still several gold mines in operation, though some distance away from downtown, and are often visited by tourists.

Figure 2: Location of Fairbanks and the POGO Gold Mine



Source: JOGMEC

## History of the Pogo mine

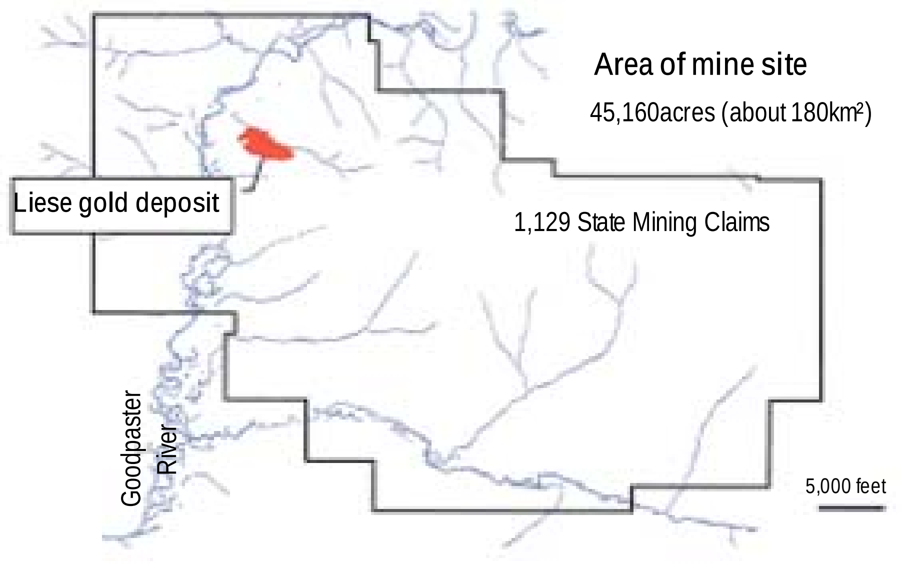
Jointly developed by four companies including SMM since 1991

In 1991, following a proposal from WGM (Watts Griffis and MacOuat), four companies, Noranda, Conroy, Stone Boy (a WGM subsidiary), and SMM started exploring for gold, lead, and zinc at Stone Boy's mine site, which covered about 16,000km$^2$, almost as large as Shikoku, in an area east of Fairbanks, Alaska. This project was called the Stone Boy Project. The Pogo gold mine is located about 90 miles southeast of Fairbanks.

SMM acquired a full interest in the area held by Stone Boy in August 1985, and discovered deposits in the Liese bed of the Pogo mine in December 1995

Initially, they searched for zinc deposits but failed to uncover any major finds. In 1993, Noranda and Conroy withdrew from the project. After that, the two remaining firms continued to explore, mainly for gold, and yielded some results. However, WGM was an exploration company and was not interested in mine development, and offered to sell its interest (its entire 42.89% stake) to SMM. Believing that the site had great potential, SMM acquired a full interest in the area held by Stone Boy in August 1995. Since then, it has continued exploration activities jointly with the Metal Mining Agency of Japan, and discovered deposits in the Liese bed of the Pogo mine in December 1995. The deposit was located at an altitude of 390–1,200 metres and was the largest hard rock gold find in Alaska's history. As a result, the Pogo project became independent from the Stone Boy project.

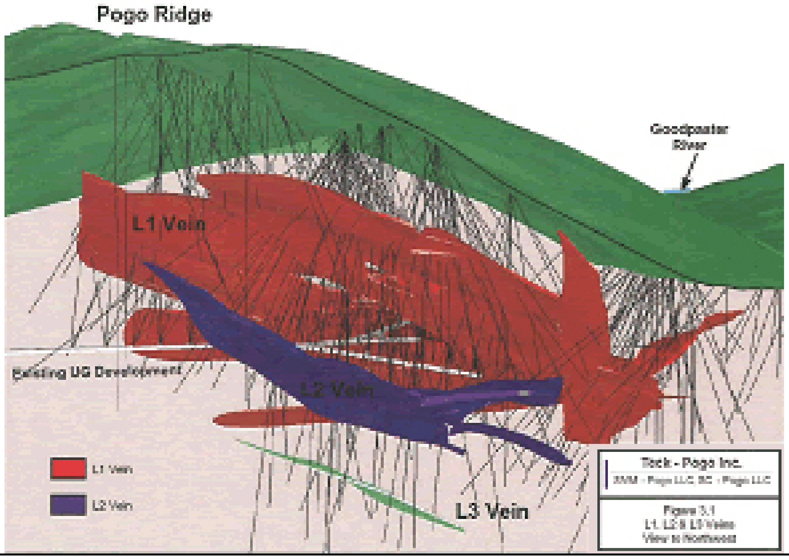
Figure 3: POGO gold mine project



Source: JOGMEC

The Liese bed is a large-scale quartz plate ore body in gneiss in the Proterozoic-to-mid Paleozoic era and in granitic intrusive rock from the Mesozoic era in the Cretaceous period. Several ore plates are situated nearly parallel with each other on mild 20–30 degree slopes. The main mining targets are two ore bodies called L1 and L2 (Figure 4).

Figure 4: Liese gold deposit



Source: JOGMEC

In a survey conducted in 1999, the main ore bodies in Liese were appraised at 17.1g/tonne average grade and the gold deposit was estimated at 129.8 tonnes, while the lower ore bodies in Liese were appraised at 20.9g/tonne average grade and the gold deposit at 44.6 tonnes. Thus the total deposit was 174.4 tonnes and the average grade 18g/tonne. When mining started in 2006, the gold deposit was officially announced at 152 tonnes. For reference, at SMM's Hishikari gold mine, the average grade of gold is 42.2g/tonne, about 10X as high as the average grade at the various gold mines around the world (4–5g/tonne). Though not as good as Hishikari, Pogo is also a promising gold mine compared with the global standard.

The average grade is 18g/tonne

SMM had a 100% stake in 1995, but in order to develop the mine quickly amid the tough natural climate and in accordance with US environmental regulations, SMM sold 40% of its interest (earn in) to Teck Resources (merged in 2001, now Teck Cominco) and asked it to join the project as an operator, and decided to develop the project jointly. Teck was operating zinc mines in Alaska (participating in development of the Red Dog zinc and lead mine) and had accumulated knowhow in this area. As a result, SMM (SMM America)'s stake fell to 51%, and Sumitomo (SC Minerals)'s stake to 9%. Teck acquired its interest in the mine by bearing the feasibility study costs.

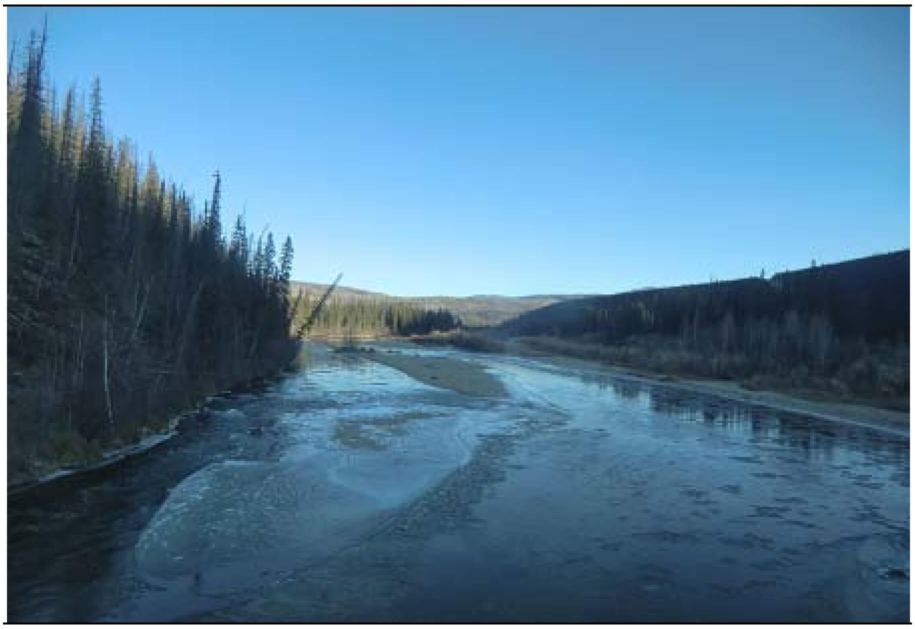
SMM asked Teck to join the project to develop the mine quickly

They started exploring the pit at the end of 1998 and conducted a feasibility study. Once the results of the feasibility study were ready in 2001, they applied for approval from the Alaskan government based on an environmental survey. They initially aimed for the start of mining in 2005, but as local environmental organizations protested regarding the production of waste water at the site, the construction work was postponed, but the protest was ultimately rejected in less than a month.

They used a frozen river as a winter road to transport heavy machines

There were many difficulties before the operation started. As mentioned earlier, Alaska's natural climate is severe. As there were no roads, it was extremely difficult to transport many of the heavy machines to the Pogo mine. They used a frozen river as a winter road to transport heavy machinery. In some winters, the river was not sufficiently frozen due to global warming. Accordingly, they supplied water to the river during every cold wave, and made the ice thicker. In winter 2004, there were many days with the temperatures were lower than –40 degrees C, enabling them to transport more materials and equipment than they had scheduled.

Figure 5: River used for transporting materials and heavy equipment in winter



Source: UBS

Environmental measures of the highest level were required

Environmental measures of the highest level were also required, as Alaska is rich in natural resources. They had to obtain approvals for 83 separate items, including water quality preservation and biodiversity conservation. In the river they used as a winter road, salmon ascend the streams to spawn. They needed to communicate with local residents and NGOs repeatedly to win their confidence.

Production started at last in 2006, about 11 years after gold was discovered

By the end of 2004, 75% of the construction work was complete. In 2005, power infrastructure and belt conveyers were completed. With a slight delay from the initial target of starting operation in 2005, the first dore containing 94% gold and 6% silver was yielded from the Pogo gold mine in February 2006. The companies consigned production of 99.99% fine gold to a Canadian rare metal refining company. Investment was initially scheduled at US$280m but this was revised to US$357m due to cost increases for construction materials, labour, and construction. Production was started about 11 years after the discovery of gold.

On the back of the installation of additional facilities, ramped up to full production from 2007

Operation at fully capacity in 2006 was targeted, but management concluded planned capacity was not being reached due to the impact of ore characteristics on the capabilities of tailings filter press treatment, part of the ore processing equipment. After a water process has been used to extract the metal portion from the ore, filter presses then use water to extract impurities from the resulting tailings. As heavy equipment could only be transported in during the winter, a ramp up to operation at full capacity through the introduction of additional equipment only took place from May 2007. The additional investment translated into costs, with the final investment running to US$378m. Operations were temporarily halted in 2006 due to an accident with the power equipment in October, but operations were fully restored in December of that year.

Initially, operation of the Pogo gold mine was entrusted to Teck, with about five permanent staff being dispatched from Japan at the management level. The goal was to build up experience in mine development and operations in Alaska by participating in management.

In 2009, SMM bought profit rights from Teck, putting its stake at 85%

In April 2009, balance sheet considerations led Teck to ask SMM to purchase its profit rights in the Pogo gold mine.

SMM decided to purchase all stock in the gold mine from Teck based on (a) Teck staff continuing to operate Pogo, (b) increasing SMM's mine interests, and (c) the high probability of additional seams being discovered. Consequently, on 7 July 2009 interests in the Pogo mine reached 85% for SMM and 15% for Sumitomo Corporation. The number of staff dispatched from Japan has now risen to 11. The acquisition price was US$234m. After acquiring the interests, Sumitomo Metal Mining Pogo LLC was established to hold the rights locally and to serve as the management company. Teck maintains its position as the operator, looking after the mine and operations.

A project that will go down in history as a successful example of a Japanese company developing a mine overseas

In terms of overseas mine developments by Japanese companies, there have been many relatively low risk projects, including part-way participation in feasibility studies and mine development, but at Pogo SMM was engaged in surveying from the high risk initial stages. Joint drilling companies and joint management companies have fallen away in some cases, but we think this project will go down in history as a successful example of overseas mine development from the grass roots level.

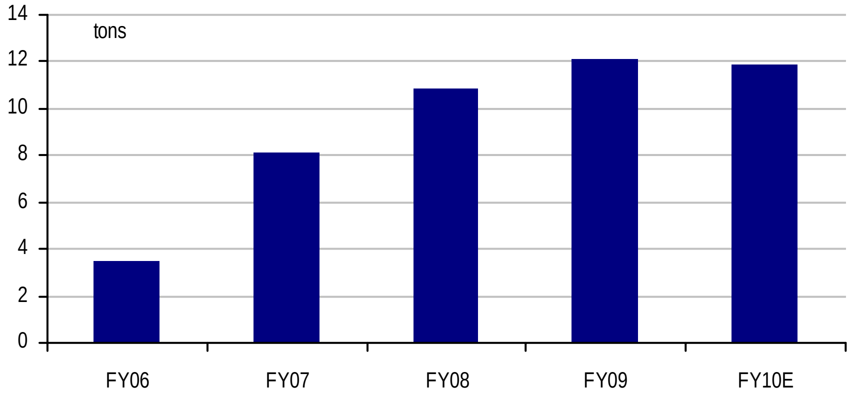
There are other promising regions in the vicinity, and drilling activity is taking place

In the vicinity of the Pogo mine, another promising region in addition to Liese is called the Pogo trend. Outside the Pogo mine area, in some parts of the district being addressed by the Stone Boy Project, signs of gold are emerging. With a view to discovering a new gold deposit, SMM is currently engaged in drilling activity in these areas.

## Production track record

The Pogo gold mine is an underground operation. Cumulative output from 2006 through 2009 came to 31 tonnes. When production started, proven reserves stood at 152 tonnes, and as a result of steady drilling activity fresh reserves have been identified in the vicinity, taking reserves to 140 tonnes as at the end of 2009. The company assumes annual production of about 12 tonnes. For reference, proven reserves at the Hishikari mine come to 150.2 tonnes and annual output is 7.5 tonnes.

Chart 1: POGO gold mine: Production trend (its production quota)

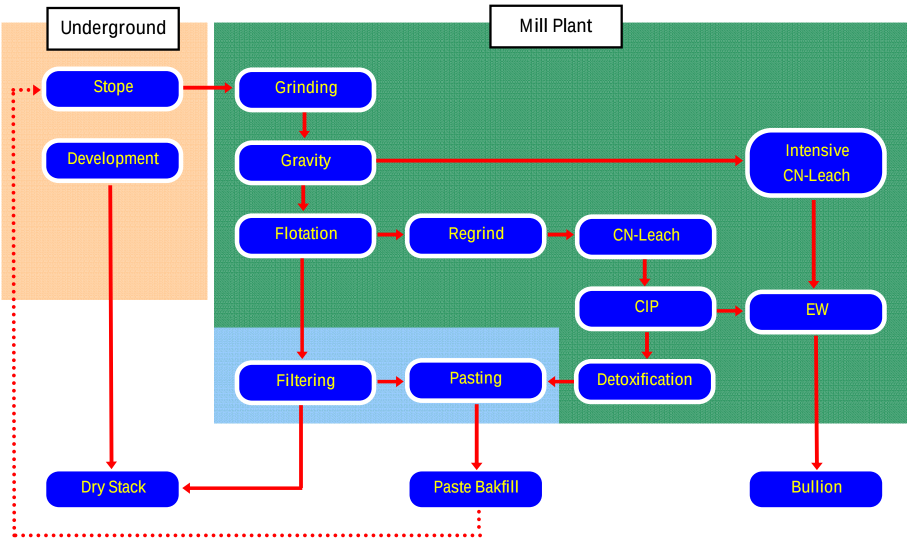


Source: Company data, UBS estimates

## Production at the Pogo mine

There are no major differences in the gold manufacturing methods used at the Pogo gold mine relative to processes at most gold mines. Drilling takes place in underground shafts with ore concentration being carried out in the mill plant and electrolytic refining in the final stage to produce dore, which contains a mixture of gold and silver. At the same time, the unwanted materials left after gold extraction are subjected to chemical treatment. At the Hishikari mine in Japan, cyanide cannot be used in the mine, and so after ore concentration, the later processing takes place at Toyo.

Figure 6: Mining and mineral processing process



Source: JGMEC

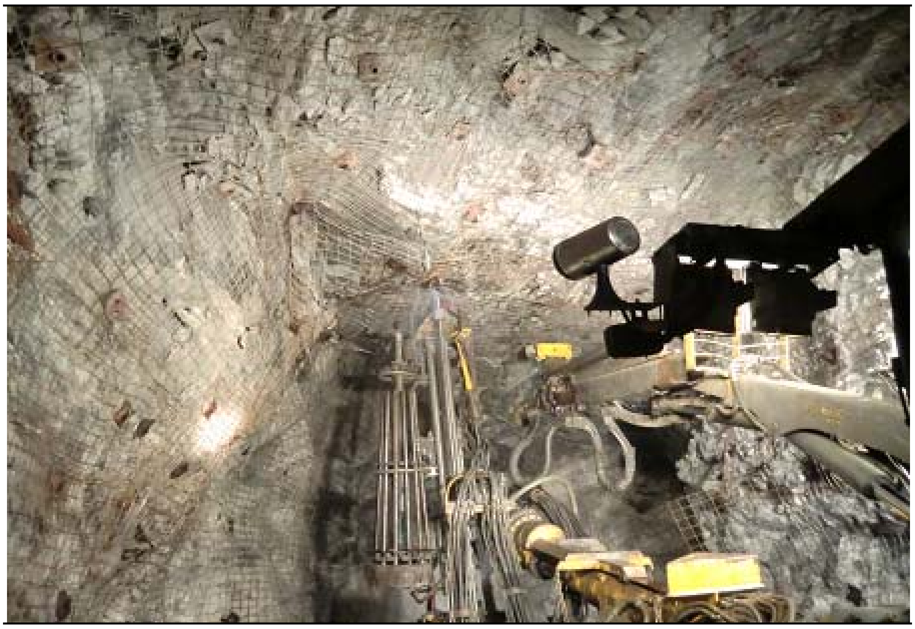
## Drilling

Gentle gradient; high grade ore; many variations in the seam's width

Features of the Pogo gold mine include (a) the presence of a gold deposit in a gently gradated vein (the gold seam has a gradient of 20–30 degrees), (b) the high quality of the ore, and (c) the seam's width has many variations and the seam is cut at many levels. The seam at the Hishikari gold mine has a sharper gradient.

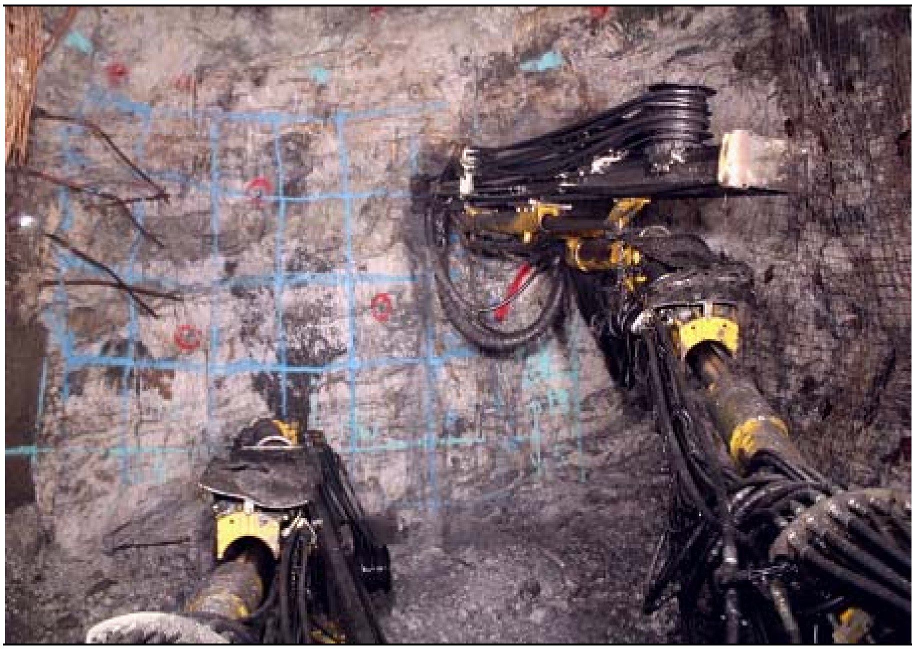
The drilling method used at the mine emphasises the drilling recovery rate (the drift-and-fill mining method is used). Specifically, shafts are created beneath the seam and the ore above is drilled. To prevent cave-ins, bolts are driven into the ceiling and sides (in some cases metal netting and concrete are used) and then blast holes are made. The crushed ore resulting from the blasts is collected underground and put into ore storage bins, which are then sent to a plant away from the shafts on conveyor belts. At other mines, processing takes place above-ground at the same site, but at Pogo temperatures sink below –40 degrees in the winter and so the ore mined underground is gathered together and shifted elsewhere for further processing.

Figure 7: Bolting to the wall to prevent falling rocks



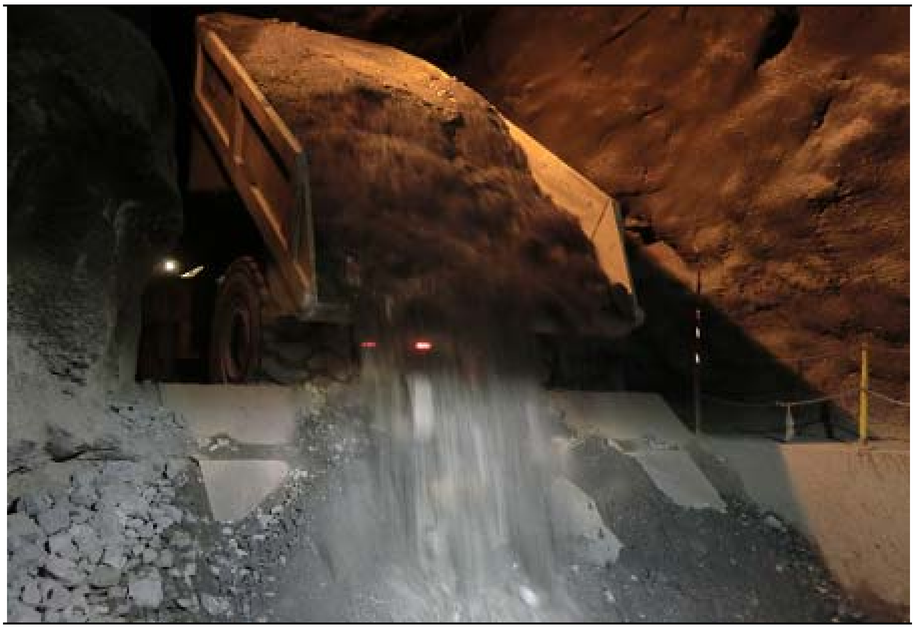
Source: UBS

Figure 8: Making holes for blasting



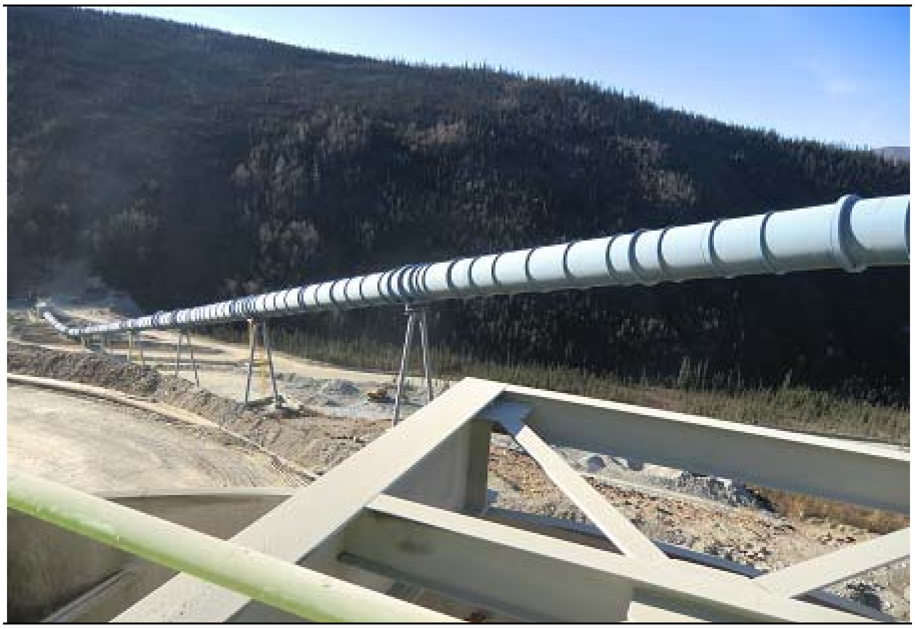
Source: SMM

Figure 9: Ore storage area for mineral ore



Source: UBS

Figure 10: Belt conveyor to convey mineral ore to ground level



Source: UBS

## Ore concentration, electrowinning

In general gold production methods, the ore is crushed and concentrated before undergoing leaching in an autoclave involving heat treatment and cyanide compounds (in some cases one or the other is used, while in other cases both are used) to produce gold dore, an intermediate product. Refining of the dore results in gold. The manufacturing process used at the Pogo gold mine is outlined below.

Grinding

The gold ore is brought by belt conveyor to SAG and Ball mills where grinding reduces 80% of the feed to a diameter of 50–60 microns.

Ore concentration

Next, a Knelson concentrator uses gravity to recover about 30% of the gold contained in the ore. The unrecovered portion is returned to the ball mill.

Leaching

Gold not recovered through gravity concentration is extracted in a flotation concentrate ore refining system. The concentrate recovered in the flotation process is then passed through a regrinding mill whereby 80% of the feed is ground to a diameter of 15–20 microns and subjected to leaching through cyanidation. Such leaching takes about one and a half days.

CIP

Gold leached out through cyanidation is made to attach to carbon in a carbon-in pulp (CIP) gold recovery process. The carbon is separated from slurry via screening, and after acid washing, stripping, and reactivation, it is used again.

Electrowinning

The eluent derived from the stripping process undergoes electrowinning to recover sludge that includes gold. After going through a drying oven, flux is added and the sludge is then put into an electric arc furnace that produces gold dore.

**Air freight**

The dore is taken by plane from a nearby private airfield to contracted smelter facilities in Canada that produce gold with a purity of 99.99%.

A notable feature of this plant is that the material treated by cyanidation in flotation concentration following gravity concentration is kept to a minimum.

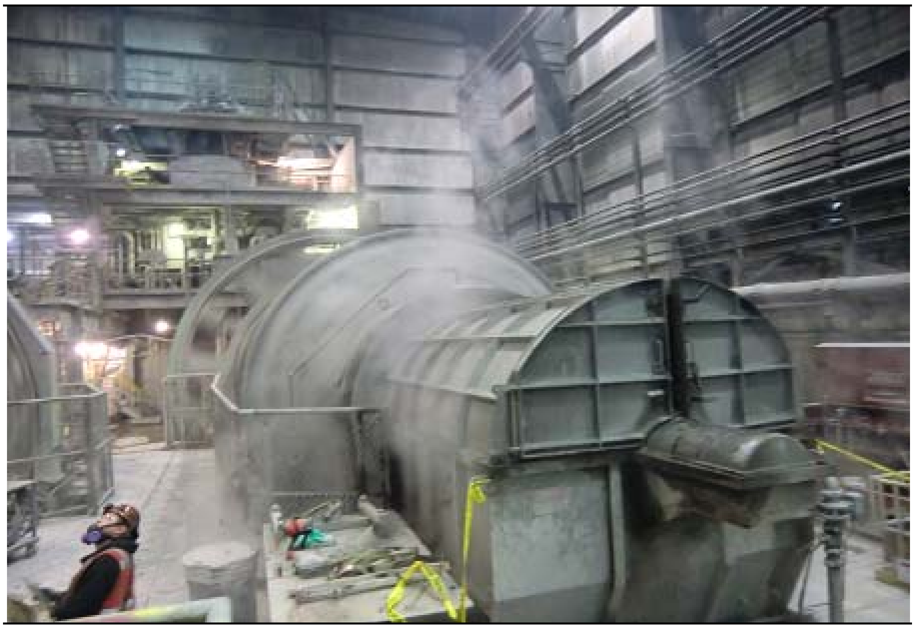
**Treatment of tailings**

The company is also emphasizing measures to address the mine's environmental footprint. Assuming that the plant treats 2,500 tonnes a day, it would generate roughly 2,250 tailings from flotation concentration and 250 tonnes of CIP tailings. US environmental legislation contains tough rules on foreign materials coming into contact with natural water systems. As such, it was not possible to construct a tailings dam to store slurry at the Pogo mine. Instead, water is extracted from the tailings to form a cake that is collected on the surface (to prevent the collected material from coming into contact with the natural ground surface, and after discussions with the authorities, a separation layer has been installed between the ground surface and the materials). For that reason, flotation concentrate is intensified in a thickener and water is extracted through three filter presses. Approximately half of the resultant cake is transferred to the collection space. The remainder is mixed with CIP tailings and used as packing within the mine. CIP tailings are concentrated in a thickener and mixed with flotation concentrate and cement in a paste mixer. This paste is then sent into the mine by a high pressure pump.

**Measures to address environmental issues**

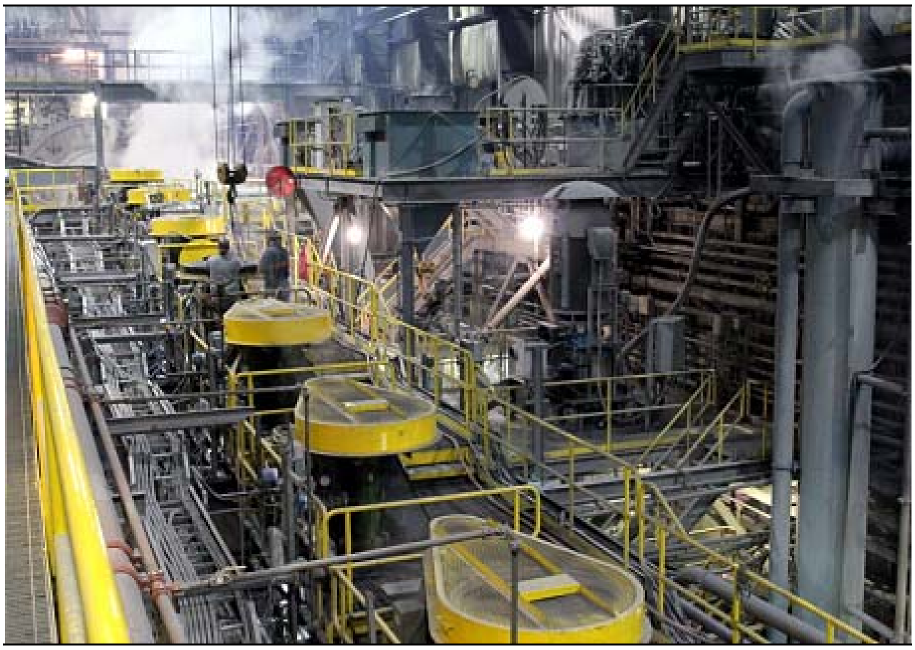
Many precautions are taken to safeguard water quality. The mine deposits contain arsenopyrites, so there is a concern that oxidation of the sulfides could produce acidic water and arsenic. Water that has touched stones and rocks affected by mining operations as well as water in the mine is sent to water treatment equipment where heavy metals such as arsenic are removed through an iron co-precipitation method before the water is poured into the adjacent river.

Figure 11: Ball mill



Source: UBS

Figure 12: Flotation machine



Source: SMM

Figure 13: Thickener and leaching tank

Source: UBS

Figure 14: Storage reservoir

Source: UBS

# Management's presentation

## Safety

Various safety measures have been implemented

Various safety measures have been implemented, but the results in January–August 2010 were not that good. There have been eight reported incidents of injury. Management aims to introduce more training sessions to prevent recurrences. Various safety measures are already in place. For instance, within the facility, before starting up car or heavy machine engines, the driver must sound the horn once, then twice when moving forward and three times when moving backward. Most of the accidents have been traffic accidents, and while we were there, the horn-blaring rule to avoid accidents was strictly followed.

## Environmental issues

Exceeding targets

In 2010, environmental targets have been exceeded, such as reducing the amount of discharged water.

## Employee turnover

A high employee churn rate

According to management, although gradually improving every year, Pogo has a high employee churn rate. The annual target is below 14%, but was already close to that level in August. Around 60% of employees are from Anchorage or Fairbanks. In winter, the temperature drops to –40 to –50 degrees Celsius, and it takes about three hours to travel from Fairbanks to the mine. When we were there, 293 people were working on site. There is a facility that can accommodate 180 people staying overnight (given that employees work in shifts). There are private rooms with TV sets, but still, it is very cold in the winter, so employee turnover is high. When employees go on two-week home-leave to see their families, some find other jobs and never come back. The average age is 37–38, and management is working to motivate employees to stay.

## Other management issues

Robust risk management

Alcohol is forbidden, because alcohol could cause quarrels or fights. Perhaps needless to say, use of illegal drugs is also prohibited. The annual basic salary is US$70,000–$80,000, with a bonus amounting to 25% of annual income. Compensation could rise even higher, although subject to the price of gold. This year, with rising gold prices, some employees could be earning over US$100,000.

There is no strong labour union, like the one at Inco, which forced output cuts at its Sudbury mine for a year; the relationship between workers and management seems favourable.

All employees are instructed to wear plastic gloves in the cafeteria, because three years ago 170 staff had to go on sick leave due to food poisoning. Everyone was wearing plastic gloves in the cafeteria when we were there. Risk management did seem very robust.

Bears, caribou, foxes, squirrels, and wild dogs are often seen near the plant. As a rule, employees are forbidden to give them food. Leftover meals are not to be scattered near the plant.

## Targeted output

Marginally undershooting targets because of the lightening-induced fire, but aims to come back in line by the end of the year

This year, there was a lightning-induced fire in an area nearby the Pogo mining site, and output was cut. Output in January–August 2008 was marginally below initial plan, but productivity is being enhanced, and management is working to catch up and meet this year’s target.

## Targeted cost cuts

This year, cost reductions are likely to undershoot target marginally (in terms of operating costs). Cost cuts were sufficient in terms of the action plan, but costs grew because of the fire. Output is solid, and management aims to catch up to meet the annual output cost target by the end of the year.

## A low cost operation

Costs declined thanks to synergies between SMM and Teck

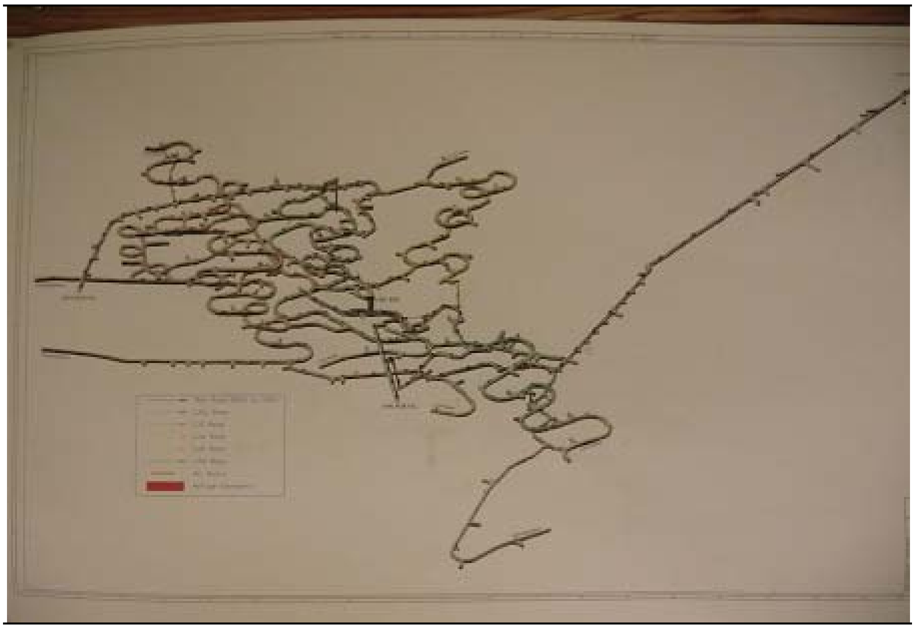
Recently, the ore recovery rate has been improving, thanks to ingenious use of chemicals in the ore flotation process. Costs have fallen due to synergies between SMM and Teck. For this fiscal year to date, output costs are US$459/oz, which compares with the current gold price of US$1,300+/oz, thus the margin seems very high. Globally, gold production costs are on the rise, alongside declining quality and rising energy costs, while Pogo has been successfully compressing costs. Costs at Pogo break down to 30–40% for personnel costs, 8–9% for electricity, 20% for materials (cyanogen and activated charcoal, among others), and 20% for maintenance. Because of the harsh working conditions, personnel costs are higher than at mines in developing countries, but overall costs are being contained, thanks to the high quality of the output and high productivity.

## Exploration

Expecting new ore finds

Some US$4m–$5m is being spent on exploration, but because of the weather, only four to five months per year are suitable for exploration outside the mine. Rented helicopters are used, and while we were there, we saw a helicopter go to pick up some staff. Thanks to SMM's efforts, last year there was a new find of some 35 tonnes. Management aims to make more finds and extend the mine's life. When operations began in 2006, the mine was estimated to stay in operation until 2016, but this was extended to 2017 at the end of last year, and could be extended again to 2018 this year. There could be promising mine veins in the neighbourhood.

Figure 15: POGO gold mine: Current gangway



Source: UBS

## High quality management

Stable operation over the long term seems possible

Management at the Pogo mine emphasizes profitability as well as safety and environmental performance, thus management quality seems very high.

Under the current management team, we think stable operations over the long term are possible.

## The Pogo gold mine

Relatively high quality output, but a small volume

Ore quality from the Pogo mine is high relative to the global average, while output costs are relative low. Nevertheless, output volume is not that large. The output plan for FY10 is 11.8 tonnes, which compares with more than 70 tonnes at the world's largest Nevada Mine (Newmont). By output volume, Pogo ranked 42nd globally in 2008.

Pogo's output costs are at the high end of the mid-level

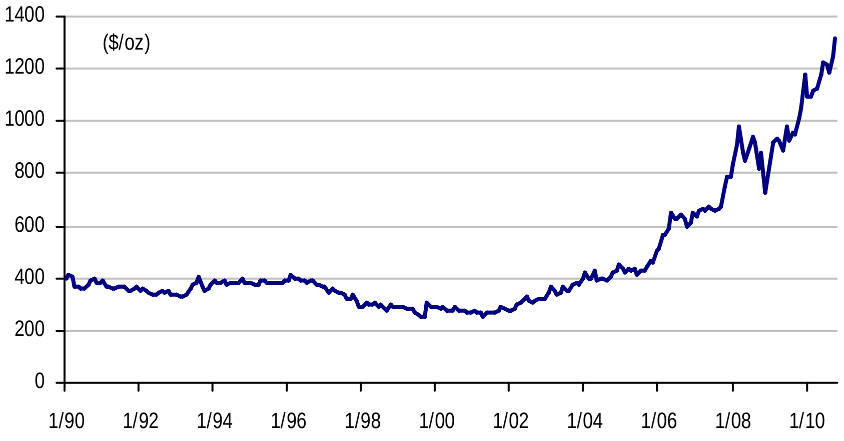
According to a survey by Brook Hunt, Pogo's cash costs are estimated at US$400+/oz in 2010, which is at the high end of the mid-level among the world's major mines. For reference, Hishikari's cash costs are slightly under US$200/oz, one of the top 10 best performers (or even better, had the yen not risen). Brook Hunt estimates that with Hishikari and Pogo combined, the ranking would be around 30.

We hope to see output growth as new ore veins are found in adjacent areas.

Increased earnings contribution from gold operation

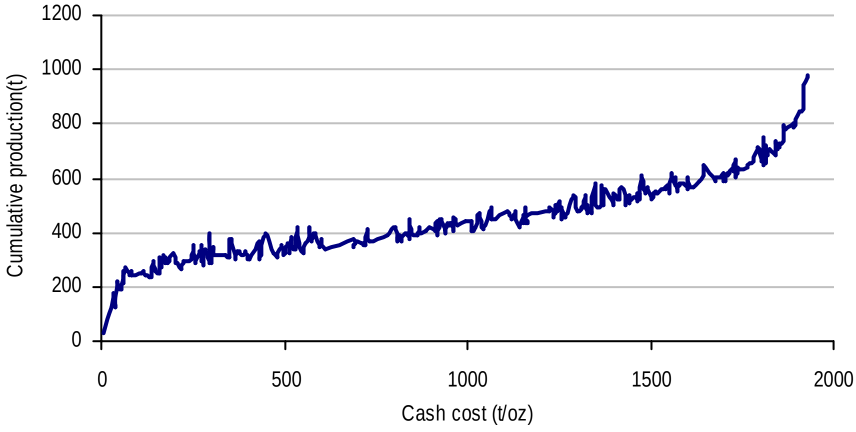
In FY10, recurring profit from the resource operations as a percentage of total RP is expected to come to roughly 60%. Of this, half is likely to come from Hishikari and Pogo combined. As the price of gold continues to rise, we note that profitability from the gold operation is increasing.

Chart 2: Gold price trend



Source: Datastream

Chart 3: Gold mines: Global average cash cost curve (2010)



Source: Brook Hunt estimates

## Aiming to become a major non-ferrous metal company

Aiming to be one of the top five major non-ferrous metal companies by 2020

The firm released a medium-term business plan through to FY13 in February. The key target is to expand its business, while focusing on overseas mine operations, and aim to become one of the top 10 major non-ferrous metal companies by 2013 (chiefly for nickel), and become one of the top five by 2020.

For its nickel operation, the firm will promote its project in Taganito in the Philippines, aiming to produce 100,000 tonnes of nickel per year by 2013, and increase output further in the Solomon Islands, targeting output of 150,000 tonnes per year by 2020.

For copper, the firm aims to invest in copper mines in order to increase the proportion of mines it owns, from 180,000 tonnes per year at present to 300,000 tonnes per year.

For gold, the firm also aims to acquire mining rights to increase output from 20 tonnes per year at present (Hishikari and Pogo combined) to 30 tonnes per year, by taking part in development projects and also by beginning operation of mines in which SMM has a majority of the rights.

The aim is to earn a third each from copper, gold, and nickel operations.

Increasing confidence in overseas mining operations

With the Pogo mine coming on stream, SMM’s expertise in overseas mining operations is increasing. Management appears to be increasingly confident of becoming a major non-ferrous metal company. Going forward, we think the firm is highly likely to succeed in the development of its second and third overseas mines. We would find it interesting to see SMM establish a unique industry position as Japan’s sole non-ferrous metal mine operator.

# Fundamentals flash

## Blast furnace sector

Inventory momentum currently falling, likely to hit bottom in January–March 2011

Steel inventory momentum, which is quantified by subtracting the year-on-year change in inventories from the yoy change in shipments, is a leading indicator of steel supply and demand and tends to lead steel production as an indicator by three to six months. Past experience shows that the average time period from peak to trough and from trough to peak in the steel demand cycle is 12–14 months in both cases.

For shipment/inventory momentum, domestic inventories are currently somewhat high, and we forecast a positive trend on a yoy basis. The high prior-year level for shipments means that on a yoy basis shipments are likely to enter negative territory. We think a downward trend for momentum is likely to continue through the end of this year.

Share prices have tended to bottom around the time that this indicator moves into its lowest zone, and therefore trends in the indicator are a focus of attention. However, in the early 1990s when the yen strengthened, share prices continued to weaken even when the indicator bottomed, so we also intend to monitor forex closely. If current forex levels prevail, we see a risk that the companies' FY11 results could reflect profit erosion.

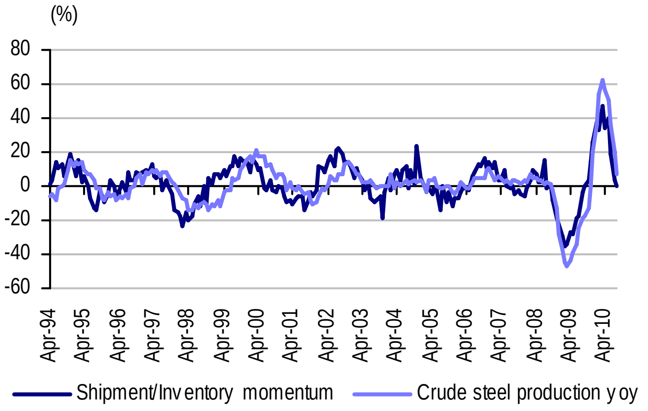
Production cuts in China miss expectations

Requests for output reductions by the Chinese government have been a focal point for the global steel products market, but the scale of the reductions was not as large as expected. Demand is at a high level, but there are concerns about capacity expansion in South Korea. Production at Chinese mills is brisk, and although prices for key raw materials are rising, steel prices are soft and margins are deteriorating.

Raw material costs likely to rise in Q4

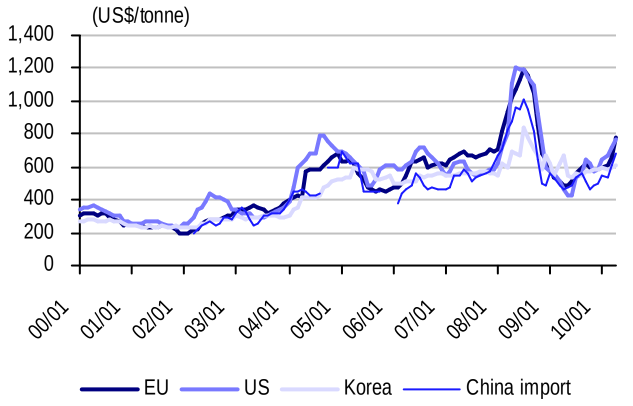
A focal point for Japanese blast furnace steelmakers is profit margins. Profitability will likely remain tough in the export and domestic spot markets. Contract prices for key raw materials were lowered in Q3, but spot prices for raw materials are currently rising and are likely to rise further in Q4. Expectations for a recovery in margins are gradually moving further in the distance.

### Chart 4: Steel and iron inventory momentum & yoy change in crude steel production



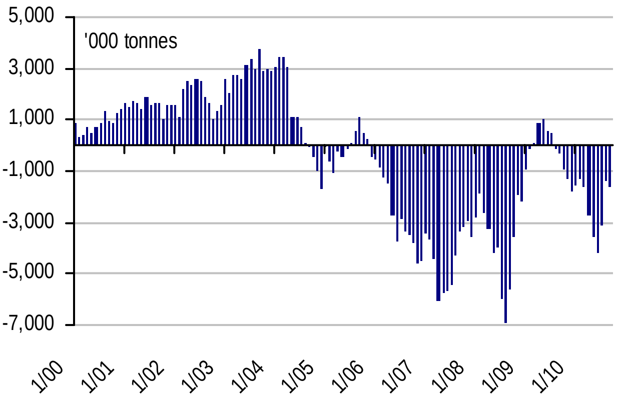
Source: The Japan Iron and Steel Federation, UBS

### Chart 5: Hot-rolled coil prices by region



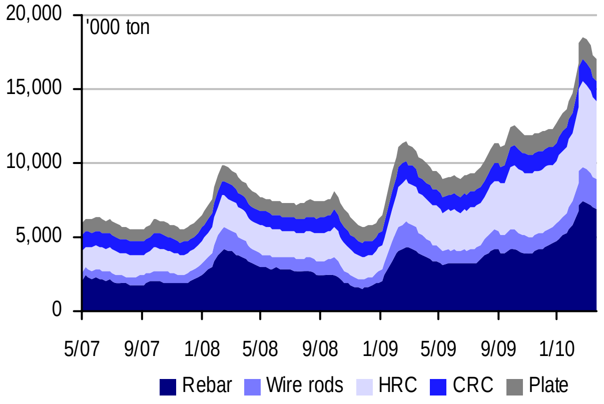
Source: Metal Bulletin

### Chart 6: Chinese net steel imports



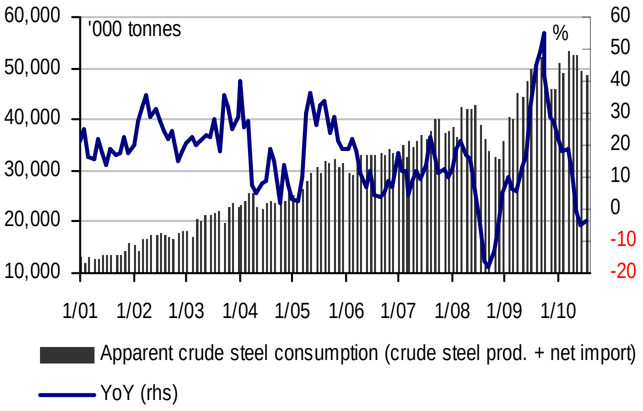
Source: Chinese Government

### Chart 7: China steel product inventories at traders



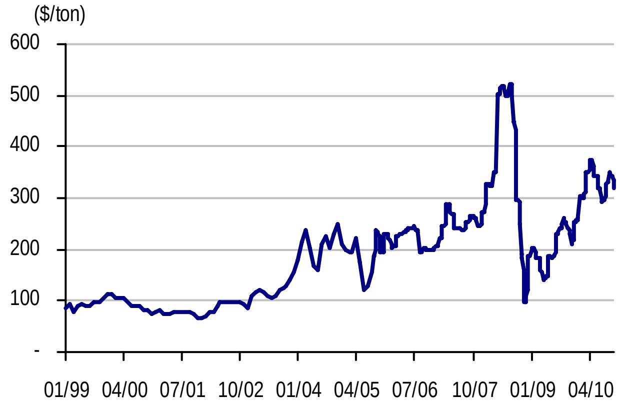
Source: Mysteel

### Chart 8: China: Apparent crude steel consumption



Source: Chinese Government

### Chart 9: US ferrous scrap price trend



Source: TEX

# General trading house sector

General trading houses are heavily exposed to resources

Earnings at general trading houses tend to be heavily affected by prices of iron ore, coking coal, and other steel materials as well as crude oil prices. In particular, Mitsui is heavily exposed to iron ore, and Mitsubishi to coking coal. Itochu and Marubeni depend relatively less on resource operations for profits, but at the former the profit contributions from coal, iron ore, and crude oil are large, while the latter has coal and crude oil interests. Sumitomo's mainstay business is seamless pipe-related operations, as we mention later, but the company is highly sensitive to zinc, silver, and lead prices.

Supply and demand for iron ore and coking coal are good

In the iron ore and coking coal market, China is procuring high-quality ore from abroad, and its imports have been growing. However, a downward trend was seen from early spring. Moreover, in September the Chinese government sought output reductions for the rest of the year from steel makers that do not meet energy efficiency benchmarks in order to achieve its targets for improving energy efficiency. It was assumed that imports would notch down, but production looks to be picking up, partly reflecting alterations in some standards. Furthermore, auto and home appliance sales were firm during the national founding holiday period and construction demand is also high. Procurement of raw materials is thus also rebounding. Supply and demand for steel raw materials continues to be firm.

For iron ore prices, the level for Australian product has been agreed at US$127/tonne for October–December. This is down slightly from the level in July–September. Spot prices have risen to a level above contract prices, and we think further increases in January–March 2011 are becoming more likely.

The trend is similar for coking coal. While prices for October–December have declined slightly from July–September, prices thereafter remain firm and increases for January–March have become more likely. Procurement from China is shifting from Australian output to cheaper Mongolian products, but there has still been no impact on prices for Australian coal.

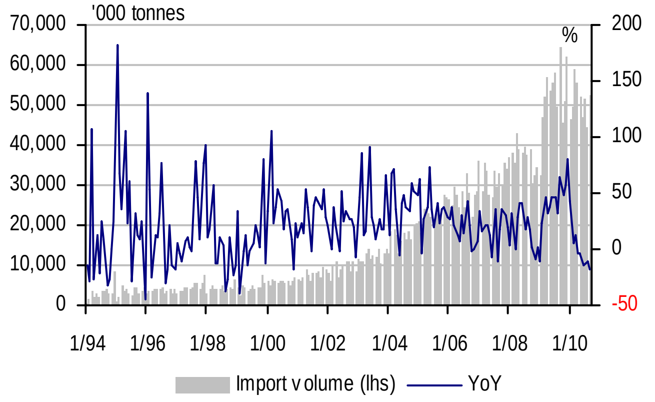
Crude oil high in view of US monetary easing

Crude oil continues to move in a boxed range of US$70–$80/barrel, but is slightly high in view of monetary easing in the US.

US natural gas prices remain sluggish

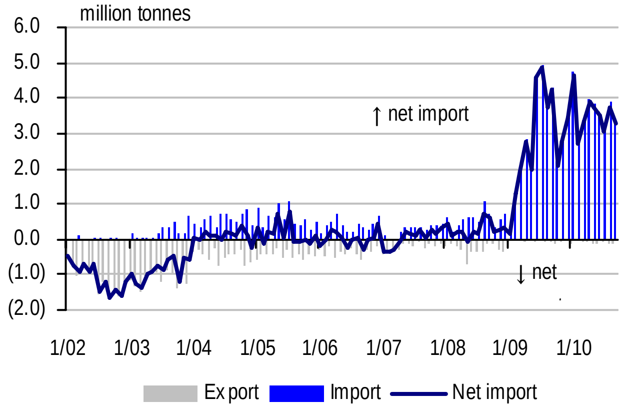
US natural gas prices (Henry Hub prices) are a key indicator for Sumitomo's seamless pipe operation. The company handles seamless pipes for the gas industry in North America and also invests in manufacturers. Natural gas supply and demand in North America continues to be weak, partly reflecting higher production of shale gas. The price of natural gas recovered to US$6/MMBTU at the start of the year, but has since decreased to around US$4/MMBTU. Prices thus lacked strength relative to crude oil prices.

## Chart 10: Chinese iron ore import volumes



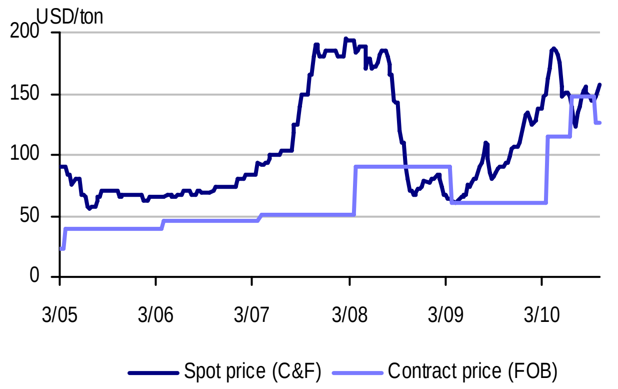
Source: Chinese Government

## Chart 11: Net coking coal exports in China



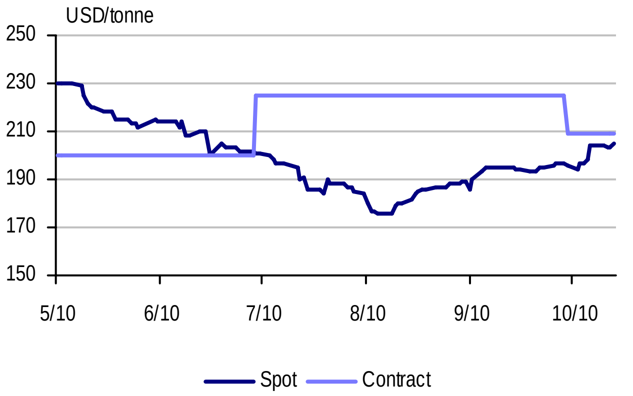
Source: Chinese Government

## Chart 12: Spot iron ore import price trends in China



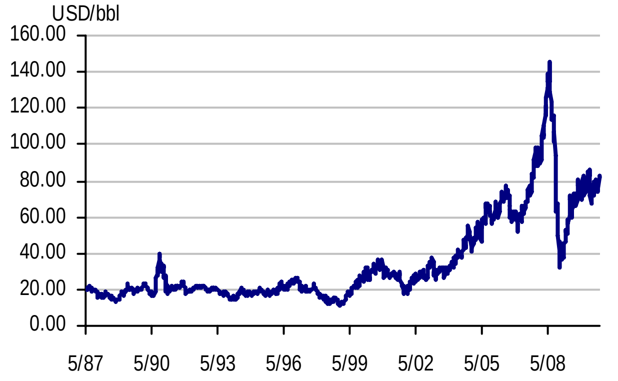
Source: Metal Bulletin

## Chart 13: Coking coal spot prices



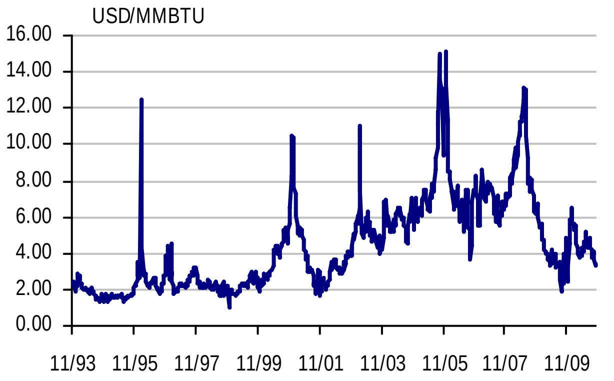
Source: Tekko Shimbun, Sangyo Shimbun, Nikkei

## Chart 14: WTI spot price trend



Source: Datastream

## Chart 15: Natural gas (Henry hub) spot price trend



Source: Datastream

## Non-ferrous smelter sector

Domestic copper and zinc prices (LME prices adjusted for exchange rates) are plotted against the share prices of non-ferrous smelters in Chart 16. While the contribution to earnings from non-ferrous metal operations of smelting companies is declining as a result of their involvement in diversified operations, including electronic materials, there seems to be a strong correlation between the share prices of these companies and non-ferrous metal prices. We are therefore monitoring prices as a share price indicator.

Inventories are low, and we expect prices to remain at current levels

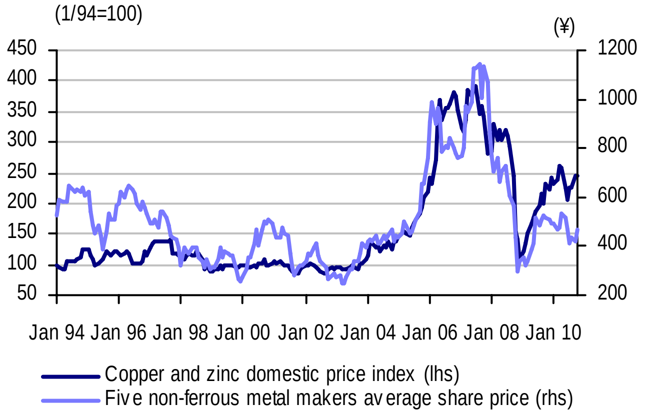
UBS's global commodities team expects copper, zinc, nickel, and gold prices to continue at current levels through 2011.

Copper mine development is not progressing, and therefore a major increase in fresh supply looks unlikely. Meanwhile, heightened sovereign risk and fiscal tightening measures by the Chinese authorities meant that in early spring inventory stocking in China was not as high as is typically the case. Alongside this, inventories are currently low and China is making purchases from overseas. As a result, LME inventories are declining, particularly in Asia. Copper prices are likely to remain high, in our view.

Nickel supply has been constrained due to industrial disputes at Vale, but operations have recommenced. There are also concerns about increased output of nickel pig iron in China. Turning to the demand side, the level is high in China, but concerns remain on the supply side. We note though that production costs are rising, and in our view there is little risk of a sharp fall in prices.

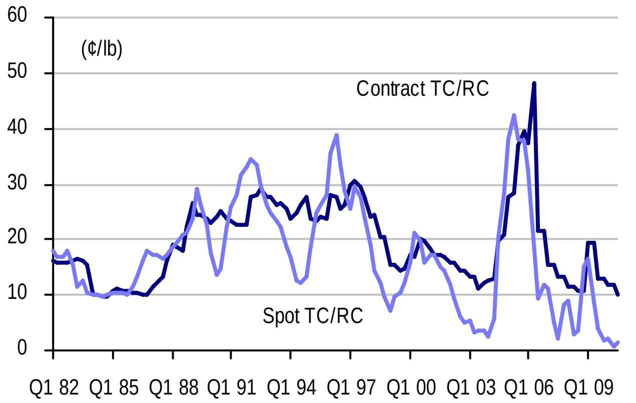
We think momentum in the companies' electronic materials operations could slow slightly in H2, partly reflecting adjustments in PC and LCD markets. We also envisage a slowdown for automobile products, but sharp erosion seems unlikely.

### Chart 16: Copper and zinc domestic price index & non-ferrous makers' share price



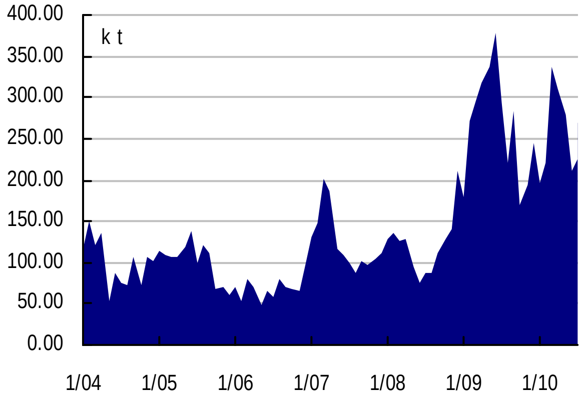
Source: Tekko Shimbun, Datastream, UBS *Mitsui Mining & Smelting, Mitsubishi Materials, Sumitomo Metal Mining, DOWA Holdings, Furukawa

### Chart 17: Copper TC/RC trend



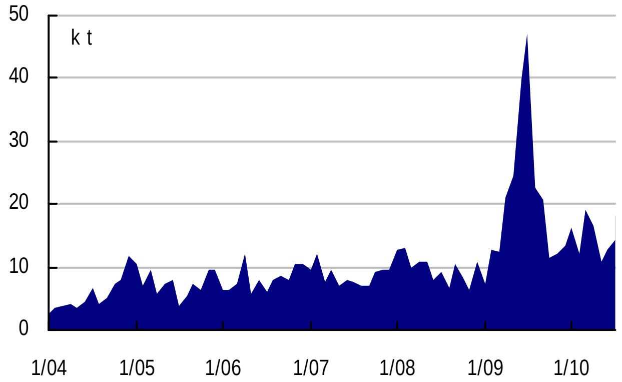
Source: CRU

### Chart 18: Electrolytic copper imports in China



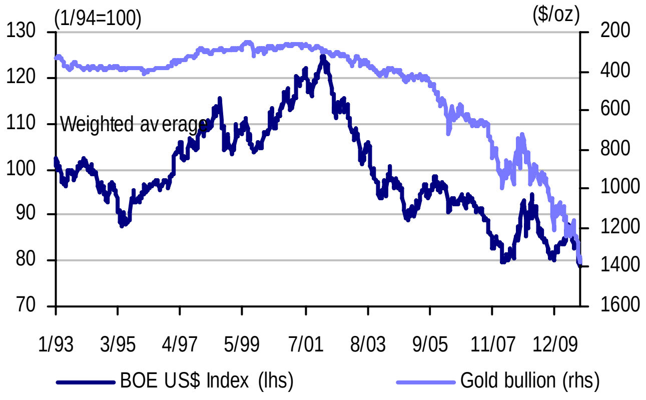
Source: Chinese Government

### Chart 19: Nickel imports in China



Source: Chinese Government

### Chart 20: TWI (BOE US $) & gold bullion price



Source: Datastream

## Cable sector

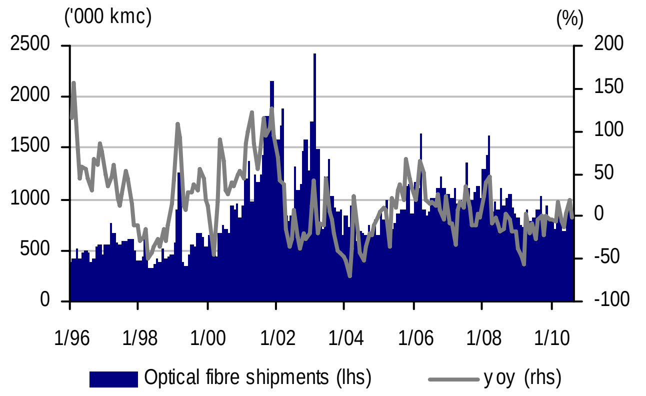
Optical fibre demand is being driven by external demand. Demand within Japan is being supported by that from regional government bodies, but demand from the telcos is weak and profitability is low. High margin NGN-related investments have run their course.

Overseas, global demand has been driven by China, but 3G-related capex has run its course, and the overseas market is likely to show a reactionary fall from 2009. Still, the Chinese government intends to focus investments in broadband areas, so the level may remain high.

For optical equipment, competitors in economically emerging nations are increasing their presence, and competition is intensifying, leading to gradual deterioration in profitability on laser related products, among others. The situation is firm for some products, including slicers.

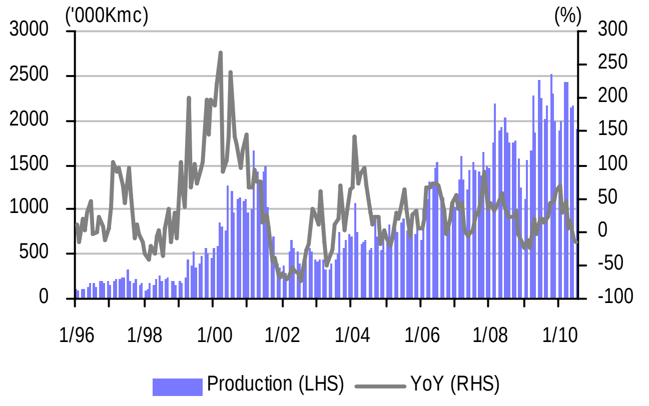
Looking next at earnings at the cable companies, optical related operations are sluggish except at Fujikura, while domestic demand for construction-use cable is lacklustre. Aluminium and automobile products are playing the driving role. Overall, though, there is a lack of momentum.

### Chart 21: Domestic optical fibre shipment volumes



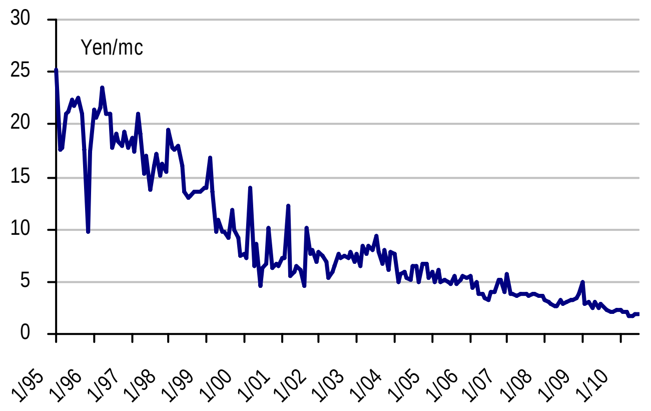
Source: METI

### Chart 22: Optical fibre core production volumes



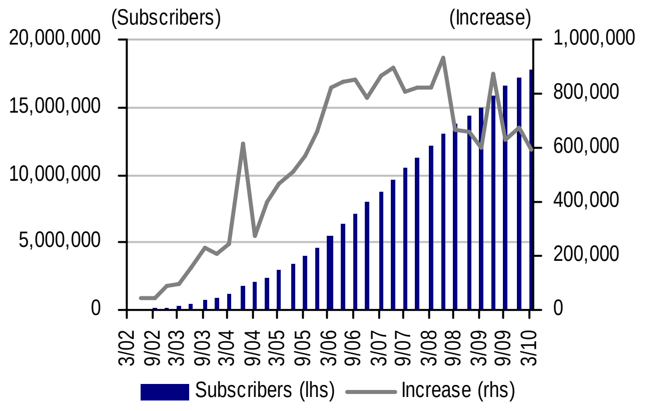
Source: METI

### Chart 23: Domestic optical fibre unit price trends



Source: The Japanese Electric Wire & Cable Maker's Association

### Chart 24: FTTH subscribers



Note: Accessible population is changed from June 04.

Source: Ministry of Public Management, Home Affairs, Posts & Telecommunications

# Forex rates

Fluctuations in forex rates may affect trends in the steel, trading house, nonferrous metal, and cable sectors as well as resource prices, and should be monitored carefully.

## 1) Steel sector

US dollar payments and receipts are nearly balanced, and accordingly the direct impact is limited. However, yen appreciation may erode companies' export competitiveness and also depress earnings at client companies, and hence would be negative for steel company earnings. The yen/won forex rate is important in making comparisons of competitiveness. The strong yen/weak won remains in place, and Japanese companies are still disadvantaged.

## 2) Trading house sector

For general traders, fluctuations in forex rates heavily affect their net asset values. Since general traders have a large amount of assets including those at overseas subsidiaries, yen appreciation would have a negative impact on the forex-adjusted amounts of their net assets. As such, growth is lower for comprehensive income than for net profit. Conversely, in a phase of yen depreciation the decrease in the negative from forex-adjusted amounts means growth tends to be higher for net assets than for net profit.

The impact on their periodic profit/loss is minimal, since forex rates for their trading businesses are nearly fully hedged. As the yen appreciates, however, yen-based profits at overseas subsidiaries tend to be eroded. In particular, forex effects on the mining business need to be monitored due to the large scale of profits.

## 3) Non-ferrous metal sector

Since smelting margins are based on US dollars, yen appreciation erodes profits. We note though that metal prices are currently surpassing company forecasts, and we thus think overall earnings in metal businesses are running ahead of target.

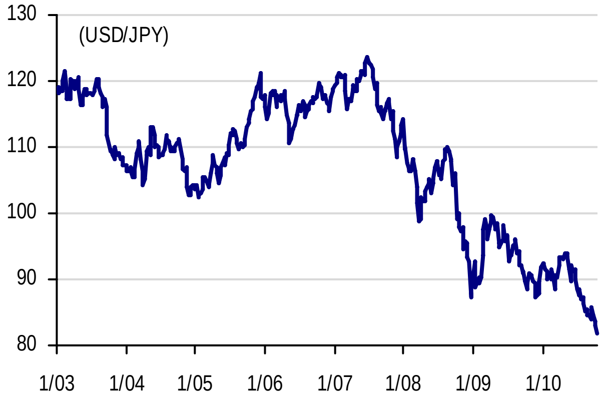
## 4) Cable sector

There is a slight excess of outflows in the US dollar balance at all sector companies, and so a strong yen dents earnings.

## 5) Resource and commodity prices

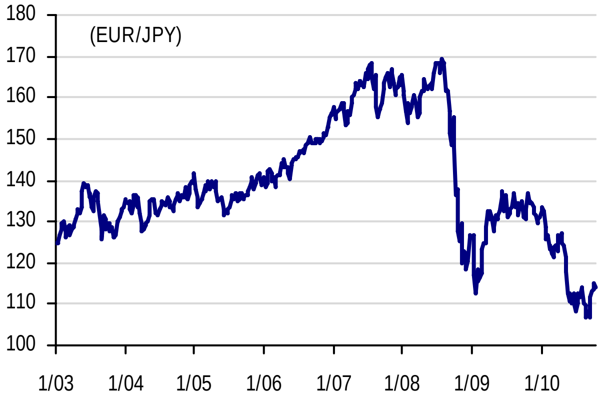
Australian dollar and Brazilian Real trends are important in assessing the direction of iron ore and coking coal prices. Appreciation in the currencies of these two countries tends to boost prices.

### Chart 25: USD/JPY exchange rates



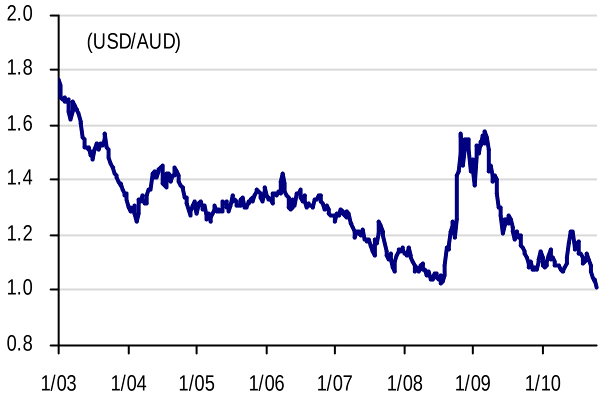
Source: Datastream

### Chart 26: EUR/JPY exchange rates



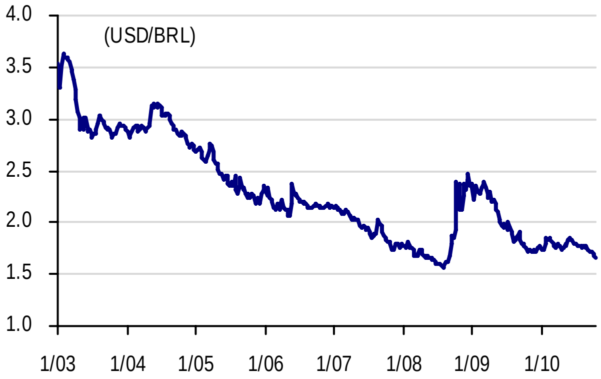
Source: Datastream

### Chart 27: USD/AUD exchange rates



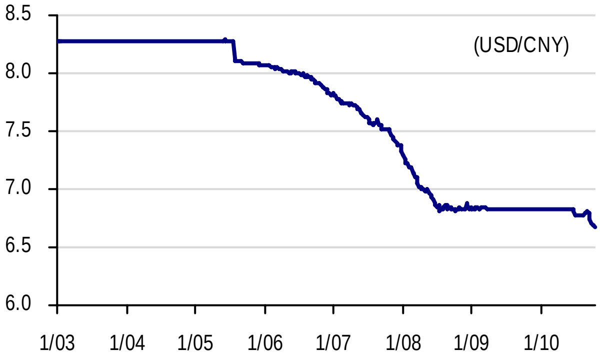
Source: Datastream

### Chart 28: USD/BRL exchange rates



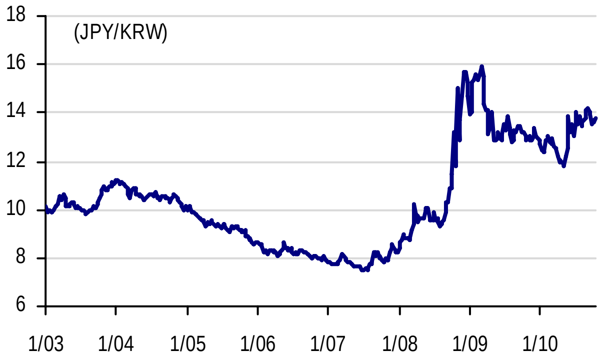
Source: Datastream

### Chart 29: USD/CNY exchange rates



Source: Datastream

### Chart 30: JPY/KRW exchange rates



Source: Datastream

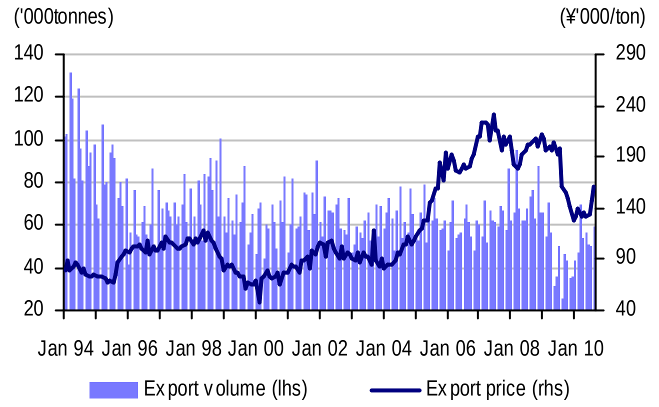
## Seamless pipe

### Affected companies: Sumitomo Metal Industries, Sumitomo Corp.

Sumitomo Metal Industries (SMI) has the leading share of the domestic seamless pipe market, and seamless pipes are its mainstay products. Seamless pipes are also a core business for Sumitomo Corp., which is actively expanding its business particularly in North America. Rig counts have been gradually rising globally. The US had shut out Chinese products by raising customs duties, but recently supply-demand has been easing somewhat due to roundabout exports by China. Natural gas prices remain soft and increases in inventories of pipe used for shale gas, where supply and demand has been strong, have run their course. SMI is struggling to raise prices in H2. For Sumitomo Corp, weaker spot prices are likely to be negative for earnings.

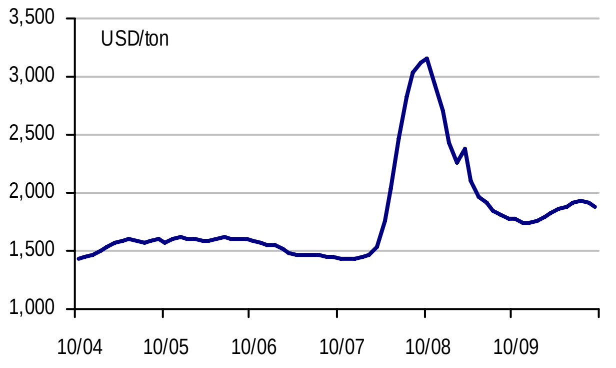
Volumes recovering at SMI, but earnings being dented by weaker spot prices

Chart 31: Seamless pipe export volumes and prices



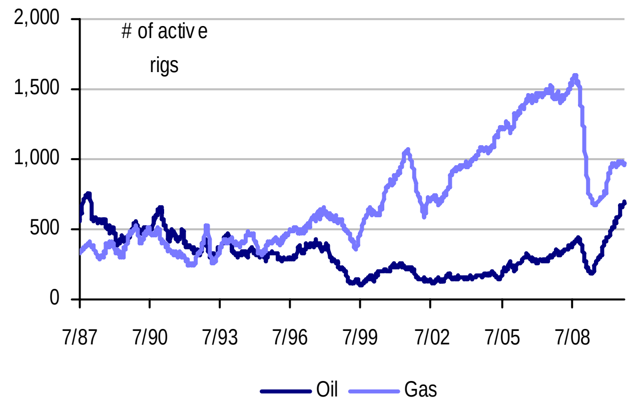
Source: The Japan Iron and Steel Federation

Chart 32: OCTG (Oil Country Tubular Goods) spot prices



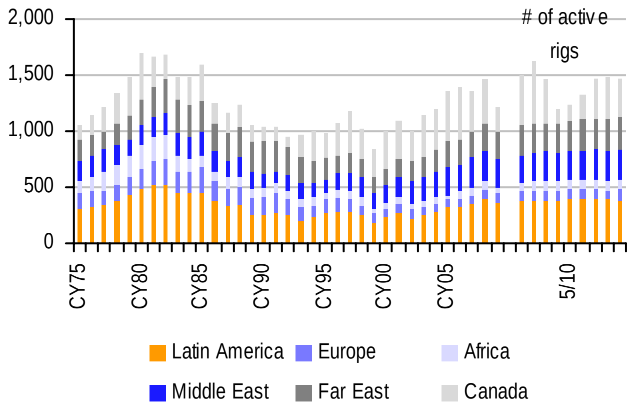
Source: Pipe & Logix, Spears & Associates

Chart 33: US rig count (oil and gas)



Source: Baker Hughes

Chart 34: Global rig count by region (excluding the US)



Source: Baker Hughes

# Stainless steel

## Affected company: Nisshin Steel

Nisshin Steel manufactures surface-treated sheet steel and other high-grade steel products, as well as stainless steel. The company has upstream facilities, for which raw materials can be chosen freely, and cold-rolling mills, which enable production of a wide variety of items in small lots. Its marketing strength backs profitability that is among the highest in the domestic stainless steel industry. At home, construction-related demand is weak, and thus business conditions remain difficult. Supported by nickel prices, stainless steel prices are firm, but we think margins are thin.

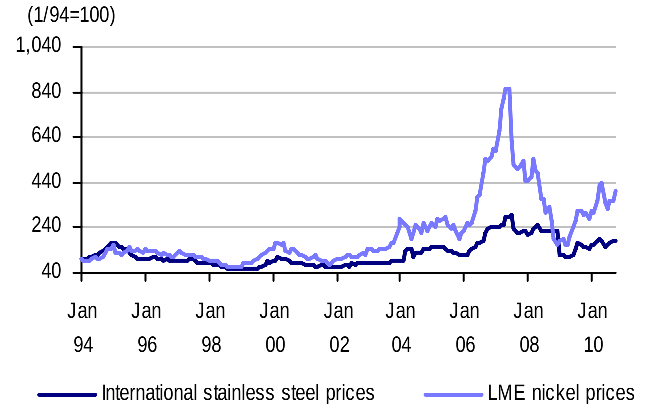
# Construction materials and the scrap price spread

## Affected company: Tokyo Steel

Tokyo Steel's three main products are H-beams, hot-rolled sheets, and bars (it also produces surface-treated sheet, angle steel, wire rod, and sheet piles). Chart 36 shows the spread between distributor prices (the price at which distributors sell these products) for these three products and spot scrap iron prices. While distributor prices and the prices at which Tokyo Steel sells the products differ, we find following this spread to be helpful because it shows the likely trend in prices and in the company's profit margins.

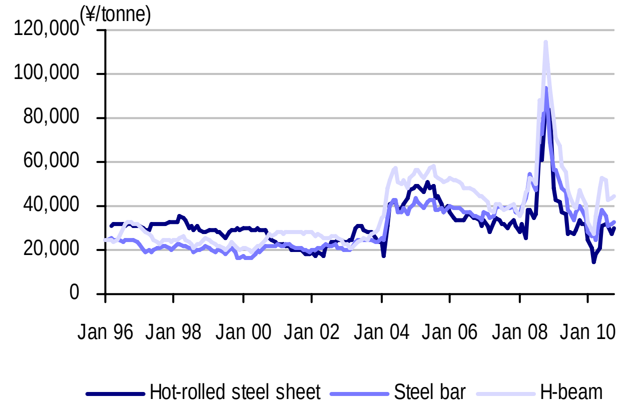
Raw material ferrous scrap prices could rise in October–December, driven by higher iron ore prices. Meanwhile, domestic construction material supply and demand are sluggish, and prices will thus be difficult to raise and margins could narrow as a result. The earnings environment for EAF steelmakers remains difficult. In the export market, many products are unprofitable due to the current yen strength, and raising sales volumes is difficult.

Chart 35: Stainless steel and LME nickel price trends



Source: Metal Bulletin, Datastream

Chart 36: Raw material cost spread versus selling prices of three major construction steel products



Source:

## US shaped steel and the scrap price spread

### Affected company: Yamato Kogyo

Yamato Kogyo has jointly invested with Nucor in Nucor-Yamato, a US-based shaped steelmaker, and holds a 49% stake. Backed by low-cost operations, this company is pushing rival blast furnace makers out of the US market. Nucor-Yamato has maintained high earnings since FY97, contributing the majority of Yamato Kogyo’s consolidated recurring profit. In the US, private-sector construction demand is weakening, and the supply-demand balance for long products is softening. Partly because of higher ferrous scrap prices, some manufacturers are raising prices, while others are cutting prices, thus strategies appear to differ among makers. US shaped steel prices look to be emerging from a period of weakness, but margins remain thin.

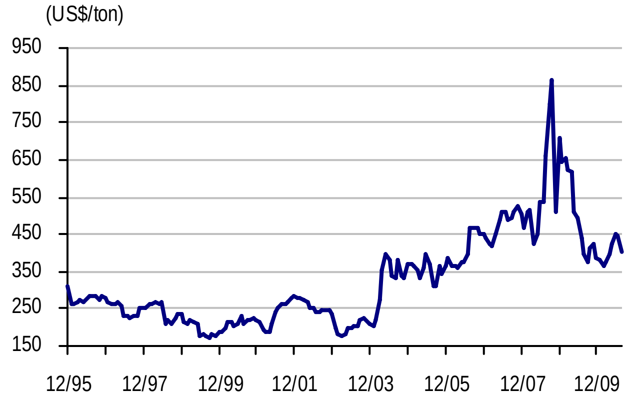
## Speciality steel

### Affected companies: Daido Steel, Sanyo Special Steel, Aichi Steel

Daido Steel is one of the world’s largest speciality steelmakers in terms of production capacity. Sanyo Specialty Steel is Japan’s largest manufacturer of ball bearing steel. Aichi Steel is a steelmaker in the Toyota group.

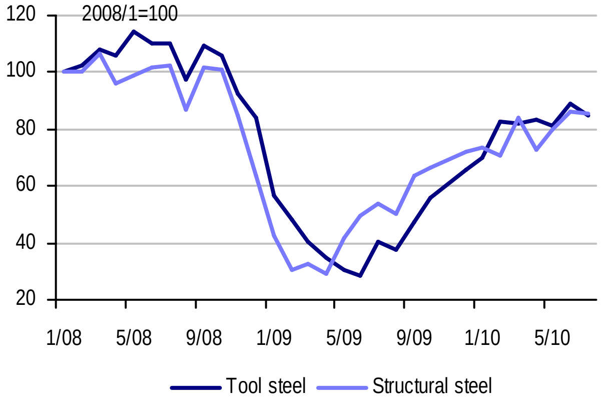
Inventory adjustments are generally making progress for high value added products like tool and stainless steel, and demand for mainstay automotive products is also firm. Utilization rates are generally good. While domestic auto production is expected to decline in H2, global production by Japanese automakers remains at a high level, and orders are likely to remain high as well. A point of caution, however, is the risk of continued yen strength. Much demand for speciality steel is from Japanese automakers, and while transactions are generally denominated in yen, around 10–20% are exports denominated in US dollars. Dependence on the export market is not as high as for blast furnace steelmakers, but there is still a risk of earnings deterioration from the strong yen. In any case, fundamentals are likely to remain relatively strong compared with blast furnace steelmakers in H2.

Chart 37: Price spread between H-beam & raw materials in US



Source: Metal Bulletin, UBS

Chart 38: Shipments: Tool, structural, and bearing steel



Source: METI

## Large-diameter steel pipes and imported hot-rolled coil price spread

### Affected company: Maruichi Steel Tube

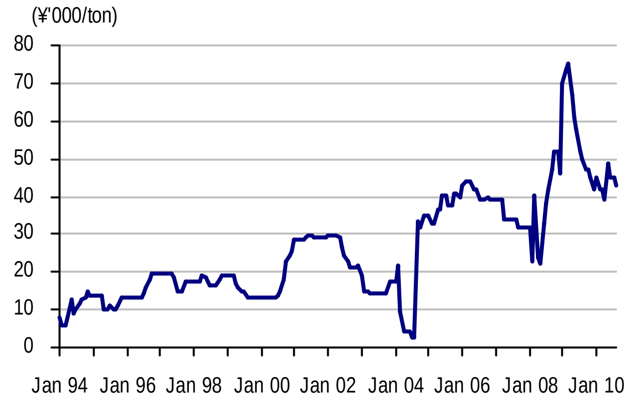
Maruichi Steel Tube manufactures steel pipes and tubes exclusively. It purchases some 60% of its raw material hot-rolled coil from domestic blast furnace makers and the remaining 40% or so from South Korea’s POSCO and China Steel Corporation of Taiwan. As the company can produce multiple product types and has manufacturing and distribution bases throughout Japan, it is very cost competitive among Japan’s pipe makers. Orders remain weak in the steel pipe market. Prices are soft for some construction-use steel pipe products, but HRC prices have not risen as much as the company had feared. Attention hereafter is likely to focus on trends for related companies like those in Asia, but in Japan a concern is Tokyo Steel’s entry into the column market.

## Share price trends for Yodogawa Steel’s Taiwanese subsidiary Sysco

### Affected company: Yodogawa Steel

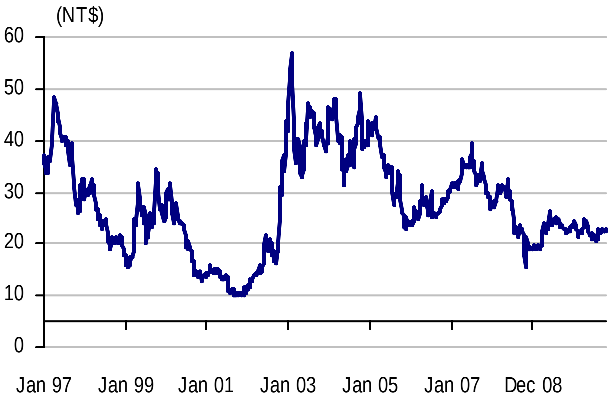
Sheng Yu Steel (Sysco) is a Taiwanese steel company 52%-owned by Yodogawa Steel. Sysco manufactures galvanized and pre-painted steel sheets using hot-rolled sheets purchased from external sources as a raw material, as it does not have its own blast furnaces, just like its parent company. Sysco’s earnings tend to be largely impacted by international spot prices. Sysco’s earnings currently look to be weak due to the impact from international spot prices. Still, prices are rebounding in the China market, and they could skew up slightly relative to company assumptions.

Chart 39: Spread between wide welded diameter and imported hot-rolled steel sheet



Source: Nikkei, UBS

Chart 40: Sysco’s share price trend



Source: Datastream

## TAB shipment volumes

### Affected company: Mitsui Mining and Smelting, Hitachi Cable, Sumitomo Metal Mining

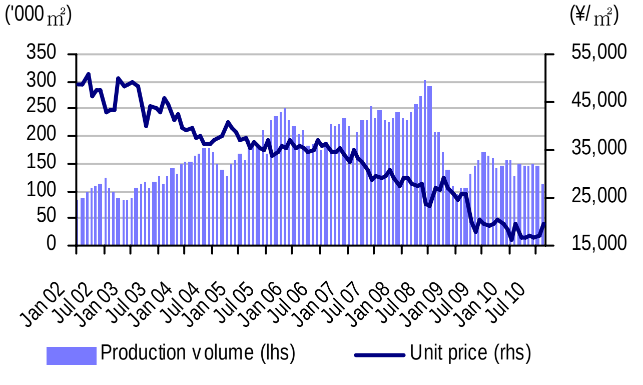
Tape automated bonding (TAB) for LCDs is produced by Mitsui Mining & Smelting and Hitachi Cable among the companies we cover. Sumitomo Metal Mining produces double-layered flexible boards, which is the mother material. Chart 41 shows trends in 'other module substrates' as part of electronic circuit substrate production data tracked on a monthly basis by the Ministry of Economy, Trade and Industry. Mitsui Mining & Smelting announced a major TAB/COF production capacity cut last spring. Mitsui Mining & Smelting and Hitachi Cable both currently appear to be struggling amid effects from adjustments in the LCD market.

## Cement market

### Affected company: Mitsubishi Materials

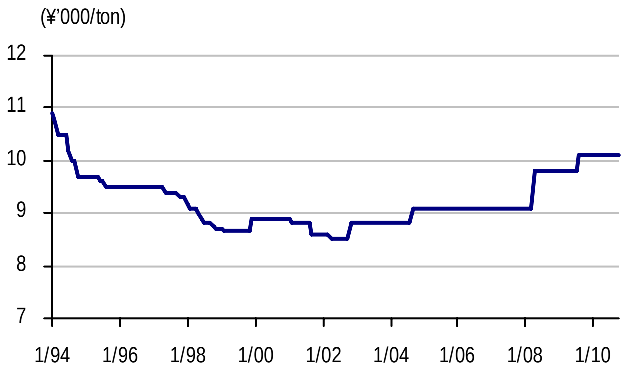
The cement business is one of Mitsubishi Materials' core operations. The primary source of earnings in this segment is the overseas cement business, mainly in the US. The domestic operation has been underpinned by offsetting depressed cement demand with waste management business and other management initiatives. Order inflow remains weak both at home and abroad, and demand is particularly weak in Japan. In FY10, demand may slow further, but there are moves to dispose of some domestic facilities. However, as coal prices are forecast to rise, we do not expect margins to expand significantly, even if price increases are achieved.

Chart 41: TAB production volume and unit price trend



Source: METI

Chart 42: Cement market price trends



Source: Nihon Keizai Shimbun

## Gold and nickel prices

### Affected company: Sumitomo Metal Mining

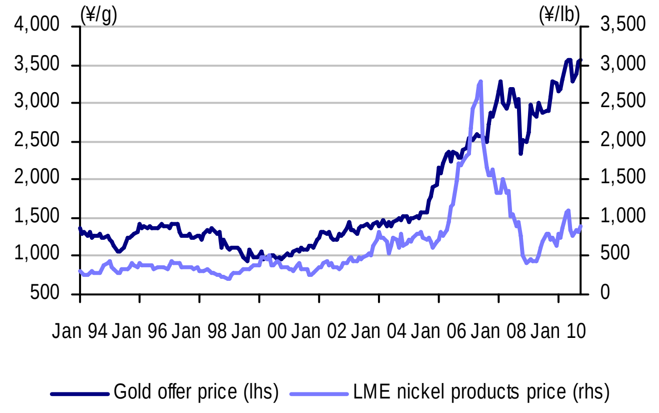
According to Sumitomo Metal Mining, annual recurring profit is boosted ¥2.8bn by a 10¢/lb rise in the copper price, ¥8.0bn by a US$1/lb increase in the price of nickel, and ¥1.5bn by a US$30/oz rise in the price of gold. While fluctuations in nickel and copper prices explain most of the movement in the company's earnings, the share price tends to move in correlation with gold prices since the company owns the Hishikari gold mine, one of the world's leading producers of high-grade gold. Metal prices are likely to sustain current levels. We believe earnings are on track to beat estimates, but some positive effects could be offset by the strong yen.

## Copper strip shipments

### Affected companies: Kobe Steel, Sumitomo Metal Mining, DOWA Holdings, Furukawa Electric, Hitachi Cable

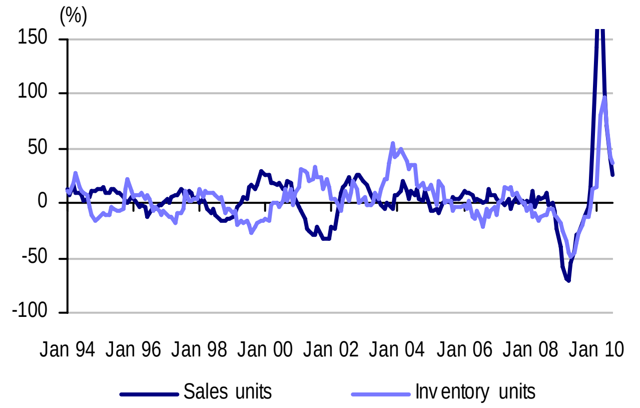
Copper strips are used in lead frames and automotive connectors. Demand from the semiconductor and automobile sectors may have bottomed. Inventory adjustments are progressing gradually, and earnings are on an improving trend. However, we expect the yoy growth rate for shipments to narrow gradually. At present, levels for auto-use are high, but they could decline from early autumn. We also expect adjustments for PC-use.

Chart 43: Gold offer price & LME nickel product prices



Source: Metal & Technology

Chart 44: Copper strip shipments and inventories



Source: Nikkei

# Carbide tools

## Affected company: Mitsubishi Materials, Sumitomo Electric Industries

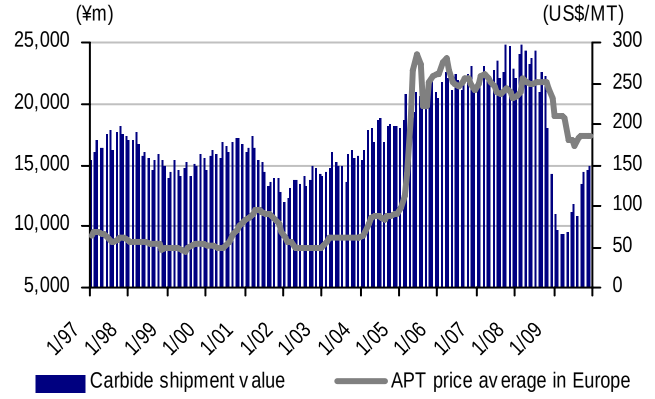
Mitsubishi Materials is the leader and Sumitomo Electric Industries is the third largest carbide tool maker in Japan. Both companies have the technology to produce carbide tools from powder metals, and thus have a significant presence in the domestic market. The automotive industry is the key user, and although automobile production is improving, distributors' inventories remain high, and H1 FY09 results were weak at both makers. Inventory adjustment ran its course in Q1 and shipments are recovering. The level should remain high for the time being, but yen appreciation means the profitability of orders is declining, and so margins are unlikely to reach the levels touched before the financial crisis.

# FPC production

## Affected company: Fujikura, Sumitomo Electric Industries

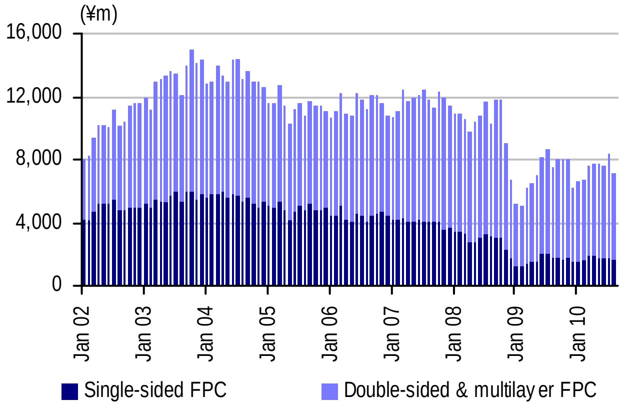
Flexible printed circuits (FPCs) are used in printed circuit boards. The main applications are in electronic equipment, particularly mobile handsets, miniature LCDs, HDDs, and DSCs. They are used particularly in small, lightweight electronics devices. Chart 46 shows monthly production values for domestic FPCs, as disclosed by the Ministry of Economy, Trade and Industry. In our view, trends at Fujikura are not particularly well represented by these figures, as the company mass produces FPCs in Thailand, but we provide the data for reference. Product quality issues have arisen at the company that processes and assembles Fujikura's FPCs, and we think shipments of Smartphone-related FPCs were sluggish in June–August. A recovery is now taking place, but we believe it will be difficult to make up for the delays. Price competition is intensifying and strong profits are difficult to foresee.

Chart 45: Carbide shipment value and APT



Source: Japan Cemented Carbide Tool Manufacturers' Association, METI

Chart 46: Domestic FPC production



Source: METI

## Aluminium sheet products

### Affected companies: Kobe Steel, Furukawa Electric, Mitsubishi Materials

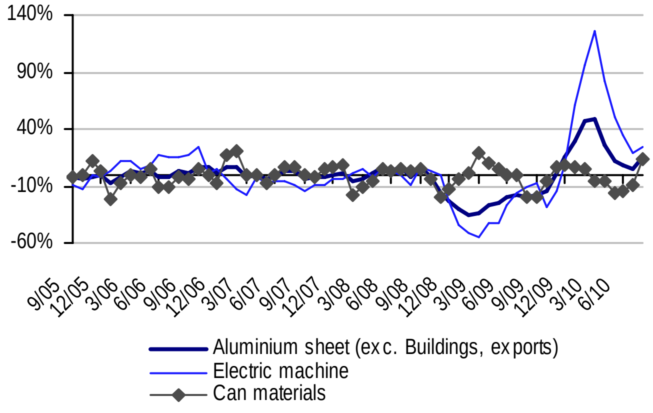
Aluminium can sheets account for a large part of aluminium sheet usage. Shipment volumes are somewhat impacted by the weather over the summer months but are more or less stable. At Furukawa Electric, earnings volatility is caused by shipment trends for thick sheets for LCD and semiconductor manufacturing equipment (included in ‘electric machine’ in Chart 47). Alongside very hot weather, aluminium shipment levels were buoyant for automobile-use, LCDs, and semiconductors, but there are concerns they could fall back going forward.

## Neodymium import prices

### Affected company: Hitachi Metals

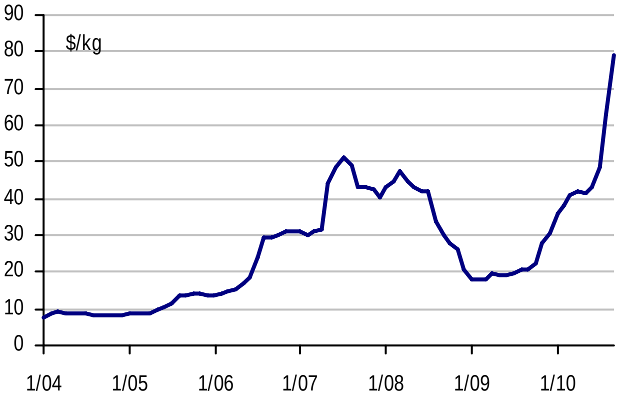
Hitachi Metals is the world’s leading maker of permanent magnets. NEOMAX was made a wholly owned subsidiary on 1 April 2007 as part of a strategy to create a strong production framework in the market for permanent magnets, which are increasingly being used in automobiles and electronic equipment. Under strong economic conditions, material prices have been the main risk factor. Rare earth metal prices were rising sharply due to Chinese export duties and other factors. Consequently, the company raised product prices to normalize its margins, but not all of the higher material costs were passed on. More recently, several clients have adopted the surcharge system, so the impact from the materials price market has been reduced. However, caution is warranted given the time delay between rising material prices and the pass-through of higher costs to product prices. Going forward, neodymium magnet demand is expected to grow sharply for use in hybrid cars. Rare earth metal prices have been rising recently reflecting higher demand and export restraint by China. Hitachi Metals procures just under half of its raw materials as alloys and also has inventories of rare earth metals, so results are not likely to be significantly impacted within the current fiscal year. However an issue over the longer term is that development of rare earth metal mines that have been idle for a very long period of time is being resumed, and supply from outside of China could increase over the long term.

Chart 47: Aluminium sheet shipment volumes



Source: Japan Aluminium Association

Chart 48: Neodymium market price trend



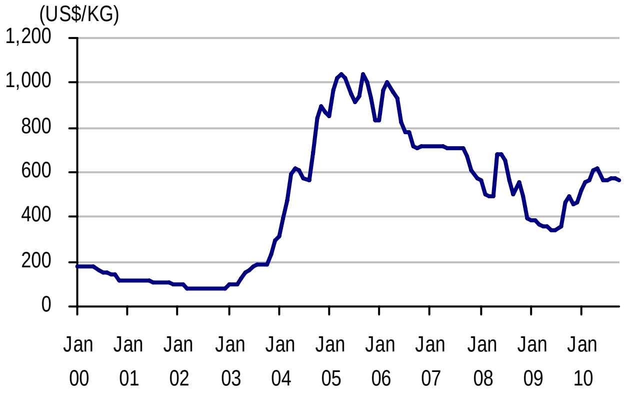
Source: Rare Metal News

# Indium

## Affected company: DOWA Holdings

DOWA collects indium from residual zinc and recycling materials (ITO target materials) and sells it to target material and communication device manufacturers. DOWA is one of the leading companies in the indium market. Indium is applied mainly for target materials (thin film materials for LCD panels) and communication devices. A leading ITO target maker had purchased enough excess indium to last for the next several years, and inventory adjustments had been delayed, but since last summer, purchases from this ITO target maker resumed, and prices have been on a recovery trend. In 2010, the situation had been firm, reflecting export restraint by China, but recently momentum has slowed alongside adjustment in the LCD market.

Chart 49: Indium market price trend



Source: Datastream

# Coking coal market

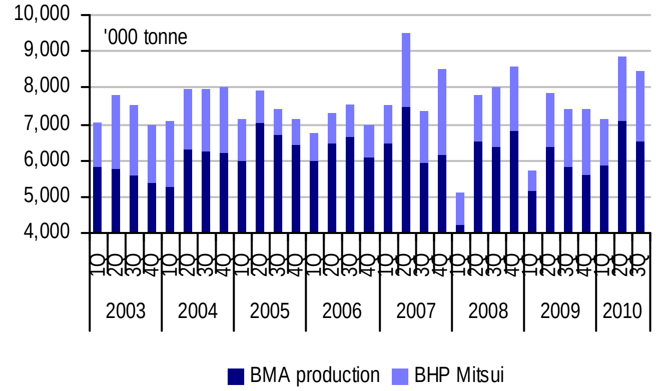
## Affected company: Mitsubishi Corporation

Mitsubishi Corp and BHP have a joint venture called BMA (BHP-Mitsubishi Alliance) operating in Australia. BMA is the world's largest coking coal supplier, with a 30%+ share in the marine transport coking coal market.

Overall production and shipment volume of coking coal in Queensland (for BMA and BHP Mitsui combined) declined from April–June but remained at a high level in July–September. There was an impact in April–June from resumption of operations at major ports idled by hurricanes, and shipment volume grew sharply on temporary special factors. According to management, production volume is expected to decrease in October–December due to effects from heavy rainfall.

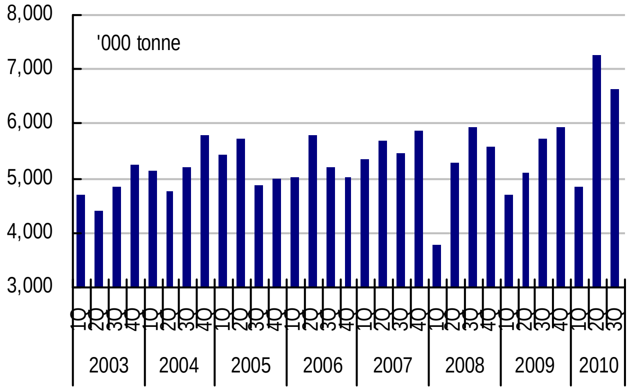
As mentioned earlier, spot prices for coking coal remain firm and contract prices are increasingly likely to rise in January–March 2011. Earnings from coking coal in October–December are expected to decrease from July–September due to lower shipments and prices, but are likely to recover from the start of the new year.

Chart 50: BMA, BHP Mitsui: Coking coal production (Queensland, Australia)



Source: Company data

Chart 51: BMA, BHP Mitsui: Coking coal shipments (Queensland, Australia)



Source: Company data

## Australia: Iron ore export volumes

### Affected company: Mitsui & Co., Itochu

Mitsui & Co. produces iron ore in Australia through its fully owned subsidiary, MIOD (Mitsui Iron Ore Development), and via MII (Mitsui-Itochu Iron), in which Mitsui has a 70% stake. Elsewhere, Mitsui has a stake in Valeper, the holding company of Vale based in Brazil. Itochu also produces iron ore together with BHP through wholly owned subsidiary IMEA and also has an investment stake in MII.

According to August data, Australia's iron ore export volumes to China remained at a high level, albeit not as high as the peak level. While procurement in China declined temporarily in the summer, it has rebounded thereafter.

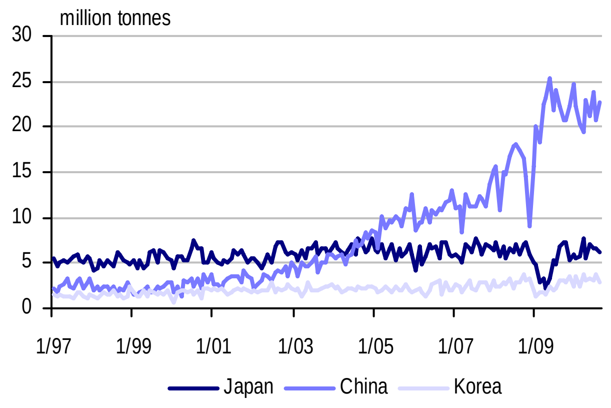
## North American steel tube supply-demand

### Affected company: Sumitomo Corp.

Supply-demand conditions in North America are an important factor for Sumitomo Corp's seamless pipe operation. The firm undertakes trading operations in North America, and the trading company also has a stake in a steel tube maker. Trading earnings are affected by trends in prices and volumes handled, and because the steel tube maker in which the company has invested manufactures steel pipe from scrap steel, the metal spread (between pipe and scrap) is important for the earnings trend.

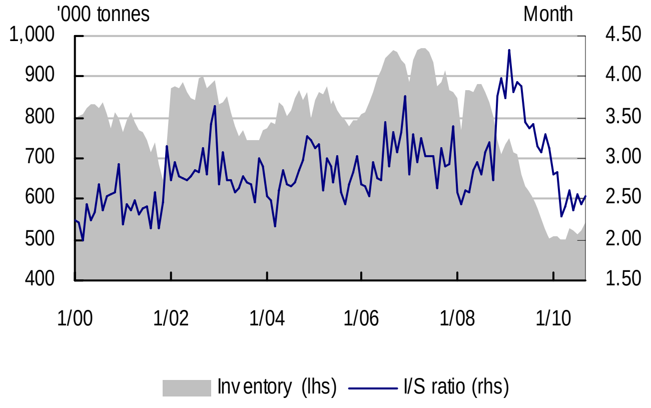
Inventory build-ups in North America for firm shale gas demand have ended. Elsewhere, import volumes, including products from China, are rising and gas rig counts are peaking out. Modest uncertainty about the future has thus increased.

Chart 52: Australian iron ore export volumes



Source: ABS

Chart 53: US pipe inventories and I/S ratio



Source: Metal Service Center Institute

# The numbers and how to read them

## Table 1: Crude steel supply and demand trends ('000 tonnes)

| | Crude steel | | | | | Apparent crude steel consumption | | Crude steel production by producers | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Production | | | Imports | Exports | | | Blast furnace | | Electric furnace | |
| ('000 tonnes) | A | YoY | Annualised | B | C | A+B-C | YoY | D | D/A | E | E/A |
| CY2005 | 112,471 | -0.2% | 112,471 | 5,825 | 35,198 | 83,096 | 5.0% | 83,627 | 74.4% | 28,846 | 25.6% |
| CY2006 | 116,226 | 3.3% | 116,226 | 5,035 | 37,986 | 83,276 | 0.2% | 85,965 | 74.0% | 30,261 | 26.0% |
| CY2007 | 120,203 | 3.4% | 120,203 | 5,380 | 39,303 | 86,279 | 3.6% | 89,243 | 74.2% | 30,953 | 25.8% |
| CY2008 | 118,739 | -1.2% | 118,415 | 5,079 | 40,751 | 83,067 | -3.7% | 89,238 | 75.2% | 29,505 | 24.8% |
| CY2009 | 87,534 | -26.3% | 87,534 | 3,519 | 35,884 | 55,169 | -33.6% | 68,338 | 78.1% | 19,197 | 21.9% |
| CY2010* | 81,933 | 34.5% | 109,544 | 3,412 | 31,108 | 45,003 | 32.9% | 64,402 | 78.6% | 17,530 | 21.4% |
| 9/07 | 9,929 | 3.3% | 120,799 | 389 | 3,258 | 7,059 | 5.1% | 7,419 | 74.7% | 2,510 | 25.3% |
| 10/07 | 10,378 | 2.7% | 122,193 | 468 | 3,326 | 7,520 | 0.5% | 7,655 | 73.8% | 2,716 | 26.2% |
| 11/07 | 10,120 | 1.1% | 123,127 | 460 | 3,129 | 7,451 | 2.8% | 7,444 | 73.6% | 2,676 | 26.4% |
| 12/07 | 10,379 | 3.2% | 122,204 | 398 | 3,696 | 7,081 | -0.2% | 7,756 | 74.7% | 2,623 | 25.3% |
| 1/08 | 10,250 | 1.8% | 120,680 | 421 | 3,276 | 7,395 | -2.3% | 7,861 | 76.7% | 2,389 | 23.3% |
| 2/08 | 9,811 | 6.6% | 123,819 | 368 | 3,776 | 6,402 | -2.7% | 7,291 | 74.3% | 2,519 | 25.7% |
| 3/08 | 10,775 | 5.1% | 126,865 | 383 | 4,155 | 7,003 | -4.6% | 8,008 | 74.3% | 2,766 | 25.7% |
| 4/08 | 10,143 | 4.1% | 123,407 | 423 | 3,302 | 7,264 | 1.0% | 7,504 | 74.0% | 2,639 | 26.0% |
| 5/08 | 10,547 | 3.7% | 124,178 | 466 | 3,446 | 7,566 | 4.4% | 7,794 | 73.9% | 2,753 | 26.1% |
| 6/08 | 10,370 | 3.9% | 126,169 | 462 | 3,461 | 7,371 | 3.4% | 7,571 | 73.0% | 2,799 | 27.0% |
| 7/08 | 10,193 | 1.8% | 120,020 | 519 | 3,537 | 7,175 | 0.2% | 7,676 | 75.3% | 2,518 | 24.7% |
| 8/08 | 10,168 | 2.1% | 119,724 | 403 | 3,520 | 7,051 | 1.5% | 7,733 | 76.1% | 2,435 | 23.9% |
| 9/08 | 10,086 | 1.6% | 122,714 | 374 | 3,671 | 6,789 | -3.8% | 7,582 | 75.2% | 2,504 | 24.8% |
| 10/08 | 10,097 | -2.7% | 118,880 | 470 | 3,216 | 7,351 | -2.2% | 7,638 | 75.6% | 2,459 | 24.4% |
| 11/08 | 8,815 | -12.9% | 107,251 | 413 | 2,603 | 6,626 | -11.1% | 6,670 | 75.7% | 2,145 | 24.3% |
| 12/08 | 7,485 | -27.9% | 88,127 | 376 | 2,789 | 5,072 | -28.4% | 5,910 | 79.0% | 1,579 | 21.1% |
| 1/09 | 6,378 | -37.8% | 75,102 | 286 | 2,107 | 4,558 | -38.4% | 5,087 | 79.7% | 1,292 | 20.3% |
| 2/09 | 5,479 | -44.2% | 71,417 | 213 | 1,949 | 3,742 | -41.6% | 4,177 | 76.2% | 1,303 | 23.8% |
| 3/09 | 5,739 | -46.7% | 67,574 | 238 | 2,649 | 3,328 | -52.5% | 4,453 | 77.6% | 1,286 | 22.4% |
| 4/09 | 5,734 | -43.5% | 69,768 | 242 | 2,153 | 3,824 | -47.4% | 4,236 | 73.9% | 1,499 | 26.1% |
| 5/09 | 6,476 | -38.6% | 76,255 | 237 | 2,183 | 4,531 | -40.1% | 4,841 | 74.7% | 1,636 | 25.3% |
| 6/09 | 6,883 | -33.6% | 83,739 | 241 | 2,895 | 4,228 | -42.6% | 5,201 | 75.6% | 1,681 | 24.4% |
| 7/09 | 7,660 | -24.9% | 90,191 | 307 | 3,347 | 4,620 | -35.6% | 6,016 | 78.5% | 1,644 | 21.5% |
| 8/09 | 8,307 | -18.3% | 97,808 | 301 | 3,576 | 5,032 | -28.6% | 6,603 | 79.5% | 1,704 | 20.5% |
| 9/09 | 8,269 | -18.0% | 100,603 | 328 | 3,783 | 4,813 | -29.1% | 6,442 | 77.9% | 1,827 | 22.1% |
| 10/09 | 8,801 | -12.8% | 103,619 | 366 | 3,640 | 5,526 | -24.8% | 6,979 | 79.3% | 1,822 | 20.7% |
| 11/09 | 8,858 | 0.5% | 107,766 | 405 | 3,496 | 5,766 | -13.0% | 7,044 | 79.5% | 1,813 | 20.5% |
| 12/09 | 8,951 | 19.6% | 105,387 | 356 | 4,107 | 5,200 | 2.5% | 7,260 | 81.1% | 1,690 | 18.9% |
| 1/10 | 8,724 | 36.8% | 102,718 | 407 | 3,691 | 5,439 | 19.3% | 7,114 | 81.5% | 1,610 | 18.5% |
| 2/10 | 8,445 | 54.2% | 110,091 | 317 | 3,669 | 5,094 | 36.1% | 6,621 | 78.4% | 1,825 | 21.6% |
| 3/10 | 9,341 | 62.8% | 109,987 | 372 | 4,504 | 5,209 | 56.5% | 7,392 | 79.1% | 1,950 | 20.9% |
| 4/10 | 8,987 | 56.7% | 109,339 | 430 | 3,757 | 5,659 | 48.0% | 6,997 | 77.9% | 1,990 | 22.1% |
| 5/10 | 9,724 | 50.1% | 114,489 | 484 | 3,881 | 6,327 | 39.6% | 7,514 | 77.3% | 2,210 | 22.7% |
| 6/10 | 9,356 | 35.9% | 113,835 | 518 | 4,156 | 5,718 | 35.2% | 7,216 | 77.1% | 2,140 | 22.9% |
| 7/10 | 9,223 | 20.4% | 108,591 | 463 | 3,599 | 6,087 | 31.8% | 7,316 | 79.3% | 1,907 | 20.7% |
| 8/10 | 8,899 | 7.1% | 104,780 | 422 | 3,850 | 5,470 | 8.7% | 7,061 | 79.3% | 1,837 | 20.6% |
| 9/10 | 9,233 | 11.7% | 112,337 | | | | | 7,171 | 77.7% | 2,062 | 22.3% |

Source: The Japan Iron and Steel Federation * to date

Japan's crude steel output could decline somewhat. First, domestic flat product inventories are rising. Second, yen strength is lowering profitability. Finally, domestic automobile production looks set to decrease. Furthermore, given capacity growth in South Korea, we think full utilisation may be difficult to achieve.

## Table 2: Ordinary steel supply and demand trends ('000 tonnes)

| | Ordinary steel | | Domestic | | Exports | | Inventory data | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shipment | YoY | Shipment | YoY | Shipment | YoY | Total | YoY | Domestic | YoY | I/S ratio | S/I momentum |
| ('000 tonnes) | | (%) | (A) | (%) | | (%) | | (%) | (B) | (%) | (B)/(A) (%) | |
| CY2005 | 79,257 | -3.6 | 59,389 | -0.3 | 19,870 | -12.1 | 6,580 | 1.0 | 5,534 | 4.3 | 111.8 | -4.6 |
| CY2006 | 81,459 | 2.8 | 60,614 | 2.1 | 20,844 | 4.9 | 6,412 | -2.5 | 5,366 | 7.4 | 106.2 | 5.3 |
| CY2007 | 84,593 | 3.8 | 62,414 | 3.0 | 22,179 | 6.4 | 6,550 | 2.1 | 5,519 | 2.9 | 106.1 | 1.7 |
| CY2008 | 82,905 | -2.0 | 59,447 | -4.8 | 23,457 | 5.8 | 6,486 | -1.0 | 5,476 | -0.8 | 110.5 | -1.0 |
| CY2009 | 62,725 | -24.3 | 41,512 | -30.2 | 21,214 | -9.6 | 5,807 | -10.5 | 4,894 | -10.6 | 141.5 | -13.9 |
| CY2010* | 50,262 | 30.1 | 31,325 | 17.8 | 18,937 | 57.2 | 6,108 | 4.4 | 4,887 | -2.1 | 124.8 | 25.7 |
| 9/07 | 7,201 | 0.8 | 5,239 | -1.1 | 1,962 | 6.3 | 6,590 | 5.0 | 5,614 | 5.0 | 107.1 | -4.2 |
| 10/07 | 7,300 | 2.9 | 5,436 | -0.5 | 1,864 | 14.2 | 6,639 | 5.0 | 5,634 | 5.2 | 103.6 | -2.1 |
| 11/07 | 7,007 | -0.3 | 5,231 | -2.0 | 1,776 | 5.0 | 6,650 | 4.9 | 5,516 | 5.9 | 105.4 | -5.3 |
| 12/07 | 7,027 | 0.7 | 4,958 | -1.8 | 2,069 | 7.0 | 6,750 | 6.9 | 5,656 | 5.4 | 114.1 | -6.2 |
| 1/08 | 6,989 | 2.7 | 4,999 | -1.5 | 1,991 | 15.1 | 6,888 | 4.9 | 5,634 | 1.6 | 112.7 | -2.2 |
| 2/08 | 7,291 | 8.0 | 5,163 | 1.2 | 2,128 | 29.4 | 6,591 | 4.7 | 5,388 | 0.9 | 104.4 | 3.4 |
| 3/08 | 8,174 | 7.8 | 5,756 | 2.8 | 2,418 | 22.1 | 6,094 | -1.3 | 5,180 | -3.1 | 90.0 | 9.2 |
| 4/08 | 6,907 | 3.7 | 5,083 | 0.2 | 1,823 | 15.0 | 6,274 | -3.3 | 5,219 | -3.6 | 102.7 | 7.0 |
| 5/08 | 7,070 | -0.3 | 5,108 | -2.2 | 1,961 | 4.9 | 6,433 | -2.9 | 5,343 | -4.9 | 104.6 | 2.6 |
| 6/08 | 7,334 | 1.6 | 5,290 | -0.9 | 2,043 | 8.5 | 6,353 | -1.1 | 5,355 | -1.4 | 101.2 | 2.6 |
| 7/08 | 7,487 | 6.7 | 5,442 | 5.1 | 2,045 | 11.1 | 6,098 | -8.1 | 5,114 | -6.8 | 94.0 | 14.7 |
| 8/08 | 6,582 | -5.0 | 4,551 | -8.2 | 2,030 | 2.9 | 6,535 | -3.3 | 5,457 | -3.1 | 119.9 | -1.7 |
| 9/08 | 7,203 | 0.0 | 5,054 | -3.5 | 2,149 | 9.5 | 6,527 | -1.0 | 5,576 | -0.7 | 110.3 | 1.0 |
| 10/08 | 6,786 | -7.0 | 4,912 | -9.6 | 1,874 | 0.6 | 6,680 | 0.6 | 5,718 | 1.5 | 116.4 | -7.7 |
| 11/08 | 5,846 | -16.6 | 4,294 | -17.9 | 1,552 | -12.6 | 6,806 | 2.3 | 5,846 | 6.0 | 136.2 | -18.9 |
| 12/08 | 5,237 | -25.5 | 3,794 | -23.5 | 1,442 | -30.3 | 6,548 | -3.0 | 5,881 | 4.0 | 155.0 | -22.5 |
| 1/09 | 4,547 | -35.0 | 3,491 | -30.2 | 1,055 | -47.0 | 6,448 | -6.4 | 5,766 | 2.3 | 165.2 | -28.6 |
| 2/09 | 4,287 | -41.2 | 3,187 | -38.3 | 1,099 | -48.3 | 6,209 | -5.8 | 5,470 | 1.5 | 171.6 | -35.4 |
| 3/09 | 4,966 | -39.3 | 3,420 | -40.6 | 1,546 | -36.1 | 5,772 | -5.3 | 5,155 | -0.5 | 150.7 | -34.0 |
| 4/09 | 4,134 | -40.1 | 2,956 | -41.8 | 1,178 | -35.4 | 5,483 | -12.6 | 4,895 | -6.2 | 165.6 | -27.5 |
| 5/09 | 4,324 | -38.8 | 3,037 | -40.5 | 1,287 | -34.4 | 5,758 | -10.5 | 4,860 | -9.0 | 160.0 | -28.3 |
| 6/09 | 5,154 | -29.7 | 3,497 | -33.9 | 1,656 | -18.9 | 5,686 | -10.5 | 4,690 | -12.4 | 134.1 | -19.2 |
| 7/09 | 5,577 | -25.5 | 3,616 | -33.5 | 1,961 | -4.1 | 5,603 | -8.1 | 4,458 | -12.8 | 123.3 | -17.4 |
| 8/09 | 5,646 | -14.2 | 3,380 | -25.7 | 2,266 | 11.6 | 5,834 | -10.7 | 4,659 | -14.6 | 137.9 | -3.5 |
| 9/09 | 6,189 | -14.1 | 3,810 | -24.6 | 2,379 | 10.7 | 5,578 | -14.5 | 4,622 | -17.1 | 121.3 | 0.5 |
| 10/09 | 6,001 | -11.6 | 3,800 | -22.6 | 2,200 | 17.4 | 5,643 | -15.5 | 4,653 | -18.6 | 122.4 | 4.0 |
| 11/09 | 5,852 | 0.1 | 3,714 | -13.5 | 2,138 | 37.8 | 5,829 | -14.3 | 4,708 | -19.5 | 126.8 | 14.4 |
| 12/09 | 6,049 | 15.5 | 3,602 | -5.1 | 2,447 | 69.7 | 5,847 | -10.7 | 4,788 | -18.6 | 132.9 | 26.2 |
| 1/10 | 5,955 | 31.0 | 3,677 | 5.3 | 2,278 | 115.9 | 5,983 | -7.2 | 4,790 | -16.9 | 130.3 | 38.2 |
| 2/10 | 5,768 | 34.6 | 3,629 | 13.9 | 2,139 | 94.6 | 6,330 | 1.9 | 4,843 | -11.5 | 133.4 | 32.6 |
| 3/10 | 7,344 | 47.9 | 4,394 | 28.5 | 2,950 | 90.8 | 5,846 | 1.3 | 4,746 | -7.9 | 108.0 | 46.6 |
| 4/10 | 5,946 | 43.8 | 3,775 | 27.7 | 2,171 | 84.3 | 6,003 | 9.5 | 4,827 | -1.4 | 127.9 | 34.3 |
| 5/10 | 6,418 | 48.4 | 3,933 | 29.5 | 2,485 | 93.1 | 6,224 | 8.1 | 4,996 | 2.8 | 127.0 | 40.4 |
| 6/10 | 6,567 | 27.4 | 4,124 | 17.9 | 2,443 | 47.5 | 6,189 | 8.9 | 4,951 | 5.6 | 120.1 | 18.6 |
| 7/10 | 6,256 | 12.2 | 4,036 | 11.6 | 2,220 | 13.2 | 6,067 | 8.3 | 4,912 | 10.2 | 121.7 | 3.9 |
| 8/10 | 6,008 | 6.4 | 3,756 | 11.1 | 2,252 | -0.6 | 6,224 | 6.7 | 5,031 | 8.0 | 133.9 | -0.3 |

Source: The Japan Iron and Steel Federation * to date

Inventories are being inadvertently increased, and going forward we envisage ongoing yoy erosion in shipments and growth in inventories. Shipment-inventory momentum could change in January–March 2011.

## Table 3: Ordinary steel demand by sector ('000 tonnes)

| | Domestic | | Construction subtotal | | Construction | | Engineering works | | Machinery | | Automobiles | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ('000 tonnes) | | YoY | | YoY | | YoY | | YoY | | YoY | | YoY |
| CY2005 | 54,740 | -0.9 | 13,125 | -1.9 | 7,052 | -1.0 | 3,119 | -0.4 | 4,080 | 3.3 | 11,135 | 3.5 |
| CY2006 | 56,403 | 3.0 | 13,391 | 2.0 | 7,518 | 6.6 | 2,980 | -4.4 | 4,451 | 9.1 | 11,652 | 4.6 |
| CY2007 | 57,260 | 1.5 | 13,716 | 2.4 | 7,713 | 2.6 | 3,120 | 4.7 | 4,685 | 5.3 | 12,082 | 3.7 |
| CY2008 | 53,699 | -6.2 | 12,800 | -6.7 | 7,052 | -8.6 | 3,083 | -1.2 | 4,425 | -5.6 | 11,370 | -5.9 |
| CY2009 | 37,765 | -29.7 | 9,460 | -26.1 | 5,081 | -27.9 | 2,414 | -21.7 | 2,203 | -50.2 | 7,359 | -35.3 |
| CY2010* | 29,187 | 23.4 | 6,708 | 7.2 | 3,771 | 8.1 | 1,530 | -1.6 | 2,185 | 68.7 | 6,515 | 57.7 |
| 9/07 | 4,745 | -2.9 | 1,151 | -1.0 | 611 | -6.4 | 282 | 14.1 | 379 | 0.7 | 1,015 | 0.5 |
| 10/07 | 4,926 | 1.0 | 1,212 | -1.7 | 671 | -0.8 | 270 | -0.4 | 403 | 9.8 | 1,056 | 7.8 |
| 11/07 | 4,783 | -0.3 | 1,166 | -2.0 | 626 | -2.1 | 286 | 4.0 | 395 | 3.1 | 1,065 | 9.8 |
| 12/07 | 4,665 | -4.3 | 1,075 | -7.6 | 581 | -6.3 | 261 | -7.0 | 394 | -2.9 | 1,088 | 7.4 |
| 1/08 | 4,647 | -1.4 | 1,026 | -4.5 | 557 | -4.1 | 246 | -3.4 | 406 | -0.5 | 1,103 | 8.0 |
| 2/08 | 4,786 | 1.7 | 1,099 | 0.6 | 614 | 1.2 | 246 | -3.0 | 403 | 3.7 | 1,070 | 10.9 |
| 3/08 | 4,881 | -1.5 | 1,167 | -0.5 | 663 | -2.0 | 262 | 3.5 | 409 | 1.7 | 936 | -4.0 |
| 4/08 | 4,837 | 3.1 | 1,190 | 2.8 | 652 | -1.6 | 313 | 16.3 | 402 | 4.3 | 1,006 | 10.3 |
| 5/08 | 4,840 | 1.1 | 1,159 | 1.3 | 651 | -3.5 | 283 | 14.5 | 399 | 3.7 | 1,012 | 2.3 |
| 6/08 | 4,722 | -1.4 | 1,142 | -4.1 | 660 | -5.4 | 255 | -1.1 | 383 | 0.7 | 973 | 2.6 |
| 7/08 | 4,833 | 2.2 | 1,191 | 2.8 | 686 | 1.1 | 257 | 4.8 | 391 | 1.9 | 992 | 1.1 |
| 8/08 | 4,465 | -6.4 | 1,032 | -7.9 | 582 | -10.1 | 240 | -0.1 | 378 | -1.2 | 1,030 | -3.4 |
| 9/08 | 4,522 | -4.7 | 1,064 | -7.6 | 556 | -9.0 | 281 | -0.3 | 377 | -0.3 | 941 | -7.3 |
| 10/08 | 4,337 | -11.9 | 1,021 | -15.8 | 535 | -20.2 | 262 | -3.1 | 369 | -8.3 | 952 | -9.9 |
| 11/08 | 3,540 | -26.0 | 870 | -25.3 | 463 | -26.1 | 207 | -27.8 | 275 | -30.3 | 720 | -32.4 |
| 12/08 | 3,289 | -29.5 | 839 | -22.0 | 434 | -25.3 | 232 | -11.2 | 232 | -41.2 | 636 | -41.6 |
| 1/09 | 2,774 | -40.3 | 760 | -26.0 | 398 | -28.4 | 214 | -13.1 | 185 | -54.4 | 392 | -64.4 |
| 2/09 | 2,676 | -44.1 | 771 | -29.9 | 427 | -30.4 | 196 | -20.5 | 142 | -64.7 | 305 | -71.5 |
| 3/09 | 2,655 | -45.6 | 766 | -34.4 | 436 | -34.2 | 184 | -29.9 | 134 | -67.1 | 342 | -63.5 |
| 4/09 | 2,783 | -42.5 | 764 | -35.8 | 420 | -35.5 | 213 | -32.0 | 151 | -62.5 | 452 | -55.1 |
| 5/09 | 2,810 | -41.9 | 735 | -36.5 | 401 | -38.4 | 195 | -31.3 | 155 | -61.3 | 497 | -50.9 |
| 6/09 | 3,096 | -34.4 | 769 | -32.7 | 430 | -34.8 | 173 | -32.3 | 157 | -58.9 | 613 | -37.0 |
| 7/09 | 3,453 | -28.6 | 847 | -28.9 | 494 | -27.9 | 192 | -25.3 | 192 | -50.9 | 754 | -24.0 |
| 8/09 | 3,407 | -23.7 | 847 | -17.9 | 482 | -17.2 | 189 | -21.1 | 179 | -52.6 | 775 | -24.7 |
| 9/09 | 3,632 | -19.7 | 845 | -20.6 | 435 | -21.9 | 219 | -22.0 | 208 | -44.9 | 788 | -16.2 |
| 10/09 | 3,636 | -16.2 | 842 | -17.5 | 422 | -21.2 | 229 | -12.4 | 232 | -37.2 | 849 | -10.8 |
| 11/09 | 3,333 | -5.8 | 754 | -13.4 | 366 | -21.0 | 201 | -2.7 | 223 | -18.7 | 785 | 9.1 |
| 12/09 | 3,509 | 6.7 | 760 | -9.4 | 370 | -14.7 | 209 | -9.8 | 244 | 5.1 | 806 | 26.8 |
| 1/10 | 3,508 | 26.5 | 801 | 5.4 | 424 | 6.4 | 201 | -6.1 | 246 | 32.7 | 875 | 122.9 |
| 2/10 | 3,574 | 33.6 | 884 | 14.7 | 494 | 15.6 | 198 | 1.1 | 244 | 71.3 | 795 | 161.0 |
| 3/10 | 3,954 | 48.9 | 997 | 30.2 | 575 | 31.9 | 224 | 21.7 | 296 | 120.5 | 771 | 125.5 |
| 4/10 | 3,828 | 37.6 | 900 | 17.8 | 509 | 21.2 | 213 | 0.2 | 298 | 97.5 | 799 | 76.7 |
| 5/10 | 3,626 | 29.1 | 813 | 10.5 | 446 | 11.2 | 192 | -1.3 | 274 | 77.2 | 750 | 51.1 |
| 6/10 | 3,624 | 17.0 | 782 | 1.7 | 431 | 0.3 | 179 | 4.0 | 278 | 76.2 | 794 | 29.5 |
| 7/10 | 3,600 | 4.3 | 765 | -9.7 | 439 | -11.2 | 167 | -13.0 | 282 | 46.8 | 855 | 13.4 |
| 8/10 | 3,473 | 1.9 | 767 | -9.5 | 452 | -6.3 | 156 | -17.8 | 269 | 50.2 | 875 | 12.9 |

Source: The Japan Iron and Steel Federation * to date

Steel orders had been recovering mainly for autos and exports and have picked up from the lows touched during the global financial crisis, but growth is slowing. Domestic demand is likely to remain at below 80% of its peak level for a while longer.

## Table 4: Ordinary steel shipments by product (1) ('000 tonnes)

| | H-beam | | | | Small bars | | | | Hot-rolled steel sheet | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ('000 tonnes) | Shipment | yoy (%) | Inventories | Inv/ship ratio (%) | Shipment | yoy (%) | Inventories | Inv/ship ratio (%) | Shipment | yoy (%) | Inventories | Inv/ship ratio (%) |
| CY2005 | 3,953 | -12.8 | 302 | 91.8 | 11,188 | -2.3 | 489 | 52.4 | 12,211 | -8.5 | 1,773 | 174.2 |
| CY2006 | 4,426 | 12.0 | 305 | 82.7 | 11,974 | 7.0 | 538 | 53.9 | 12,719 | 4.2 | 1,717 | 162.0 |
| CY2007 | 4,834 | 9.2 | 310 | 77.0 | 11,906 | -0.6 | 611 | 61.6 | 13,824 | 8.7 | 1,668 | 144.8 |
| CY2008 | 4,630 | -4.2 | 301 | 78.0 | 10,653 | -10.5 | 593 | 66.8 | 13,772 | -0.4 | 1,690 | 147.3 |
| CY2009 | 2,989 | -35.5 | 238 | 95.5 | 8,400 | -21.1 | 560 | 80.0 | 11,432 | -17.0 | 1,568 | 164.6 |
| CY2010* | 2,131 | 9.2 | 270 | 101.4 | 5,480 | -3.0 | 572 | 83.4 | 10,162 | 59.0 | 1,637 | 128.9 |
| 9/07 | 438 | 17.2 | 304 | 69.3 | 948 | -6.2 | 619 | 65.3 | 1,209 | 4.0 | 1,670 | 138.1 |
| 10/07 | 393 | 0.5 | 332 | 84.4 | 1,027 | -5.2 | 643 | 62.6 | 1,126 | 9.9 | 1,714 | 152.3 |
| 11/07 | 392 | -5.3 | 335 | 85.5 | 955 | -10.2 | 638 | 66.8 | 1,100 | 3.5 | 1,781 | 161.8 |
| 12/07 | 388 | -2.9 | 350 | 90.4 | 852 | -14.6 | 695 | 81.6 | 1,371 | 31.1 | 1,724 | 125.7 |
| 1/08 | 373 | -7.7 | 340 | 91.1 | 839 | -9.2 | 659 | 78.6 | 1,286 | 20.7 | 1,765 | 137.3 |
| 2/08 | 414 | 12.7 | 311 | 75.1 | 902 | -7.7 | 615 | 68.2 | 1,343 | 25.7 | 1,654 | 123.2 |
| 3/08 | 479 | 8.3 | 234 | 48.9 | 1,072 | -0.9 | 550 | 51.3 | 1,365 | 14.2 | 1,610 | 117.9 |
| 4/08 | 345 | -7.5 | 279 | 80.9 | 1,025 | 0.2 | 529 | 51.6 | 1,058 | 1.4 | 1,641 | 155.2 |
| 5/08 | 451 | 6.0 | 297 | 66.0 | 1,021 | -4.2 | 555 | 54.3 | 1,163 | 0.3 | 1,670 | 143.6 |
| 6/08 | 458 | 5.7 | 298 | 65.1 | 985 | -9.2 | 612 | 62.1 | 1,256 | 6.8 | 1,650 | 131.4 |
| 7/08 | 428 | 5.4 | 287 | 67.1 | 1,003 | -2.7 | 528 | 52.6 | 1,245 | 7.1 | 1,597 | 128.3 |
| 8/08 | 355 | -4.5 | 322 | 90.6 | 833 | -11.3 | 578 | 69.4 | 1,183 | 3.1 | 1,731 | 146.3 |
| 9/08 | 410 | -6.3 | 307 | 74.8 | 864 | -8.9 | 595 | 68.9 | 1,396 | 15.5 | 1,722 | 123.3 |
| 10/08 | 356 | -9.5 | 327 | 92.0 | 795 | -22.6 | 632 | 79.5 | 1,043 | -7.4 | 1,782 | 171.0 |
| 11/08 | 307 | -21.7 | 316 | 103.1 | 692 | -27.5 | 651 | 94.1 | 820 | -25.4 | 1,760 | 214.5 |
| 12/08 | 255 | -34.4 | 294 | 115.5 | 623 | -26.8 | 614 | 98.5 | 614 | -55.2 | 1,701 | 276.8 |
| 1/09 | 229 | -38.5 | 250 | 108.8 | 641 | -23.5 | 555 | 86.5 | 511 | -60.2 | 1,723 | 337.1 |
| 2/09 | 213 | -48.5 | 248 | 116.0 | 676 | -25.0 | 545 | 80.6 | 509 | -62.1 | 1,698 | 333.9 |
| 3/09 | 244 | -49.1 | 216 | 88.6 | 712 | -33.6 | 523 | 73.4 | 804 | -41.1 | 1,629 | 202.7 |
| 4/09 | 205 | -40.6 | 218 | 106.1 | 709 | -30.8 | 524 | 73.9 | 654 | -38.2 | 1,449 | 221.5 |
| 5/09 | 251 | -44.2 | 228 | 90.8 | 698 | -31.6 | 585 | 83.9 | 666 | -42.8 | 1,615 | 242.6 |
| 6/09 | 273 | -40.3 | 229 | 83.7 | 737 | -25.2 | 592 | 80.2 | 907 | -27.7 | 1,537 | 169.4 |
| 7/09 | 270 | -37.0 | 218 | 80.9 | 769 | -23.4 | 516 | 67.1 | 1,105 | -11.2 | 1,568 | 141.8 |
| 8/09 | 265 | -25.4 | 249 | 94.2 | 707 | -15.0 | 547 | 77.3 | 1,237 | 4.6 | 1,606 | 129.9 |
| 9/09 | 297 | -27.7 | 226 | 76.1 | 730 | -15.5 | 570 | 78.1 | 1,342 | -3.9 | 1,482 | 110.4 |
| 10/09 | 246 | -30.8 | 253 | 102.9 | 735 | -7.5 | 579 | 78.8 | 1,219 | 16.9 | 1,476 | 121.1 |
| 11/09 | 237 | -22.9 | 270 | 114.2 | 675 | -2.4 | 602 | 89.2 | 1,158 | 41.1 | 1,533 | 132.4 |
| 12/09 | 259 | 1.6 | 250 | 96.6 | 610 | -2.1 | 582 | 95.4 | 1,320 | 114.9 | 1,501 | 113.7 |
| 1/10 | 211 | -8.1 | 265 | 125.8 | 604 | -5.8 | 552 | 91.4 | 1,215 | 137.7 | 1,608 | 132.4 |
| 2/10 | 231 | 8.5 | 295 | 127.6 | 652 | -3.6 | 556 | 85.4 | 1,193 | 134.6 | 1,766 | 148.0 |
| 3/10 | 324 | 32.9 | 272 | 83.8 | 741 | 4.0 | 544 | 73.5 | 1,545 | 92.3 | 1,492 | 96.6 |
| 4/10 | 248 | 20.8 | 257 | 103.7 | 724 | 2.1 | 532 | 73.4 | 1,101 | 68.4 | 1,583 | 143.8 |
| 5/10 | 297 | 18.2 | 280 | 94.2 | 718 | 2.8 | 586 | 81.6 | 1,354 | 103.5 | 1,662 | 122.7 |
| 6/10 | 302 | 10.6 | 284 | 93.9 | 698 | -5.4 | 628 | 90.0 | 1,400 | 54.2 | 1,660 | 118.6 |
| 7/10 | 273 | 1.3 | 261 | 95.7 | 697 | -9.3 | 598 | 85.8 | 1,192 | 7.8 | 1,611 | 135.2 |
| 8/10 | 245 | -7.5 | 248 | 101.1 | 647 | -8.5 | 577 | 89.1 | 1,163 | -6.0 | 1,718 | 147.7 |

Source: The Japan Iron and Steel Federation   * to date

Inventory levels are not particularly high, but demand for H-beam steel is weak, and not at a level that suggests that margins could improve. Competition is stiff in the steel bar space, and the earnings climate is harsh.

## Table 5: Ordinary steel shipments by product (2) ('000 tonnes)

| | Cold-rolled steel sheet | | | | Galvanized sheet | | | | Heavy and medium plates | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ('000 tonnes) | Shipment | yoy (%) | Inventories | Inv/ship ratio (%) | Shipment | yoy (%) | Inventories | Inv/ship ratio (%) | Shipment | yoy (%) | Inventories | Inv/ship ratio (%) |
| CY2005 | 7,025 | -5.8 | 710 | 121.3 | 13,582 | -2.9 | 1,052 | 93.0 | 11,573 | 7.3 | 663 | 68.8 |
| CY2006 | 7,061 | 0.5 | 650 | 110.5 | 13,896 | 2.3 | 987 | 85.2 | 11,752 | 1.5 | 650 | 66.4 |
| CY2007 | 6,995 | -0.9 | 669 | 114.8 | 14,639 | 5.3 | 1,013 | 83.0 | 12,553 | 6.8 | 647 | 61.8 |
| CY2008 | 7,054 | 0.8 | 666 | 113.4 | 14,317 | -2.2 | 1,058 | 88.7 | 13,442 | 7.1 | 661 | 59.0 |
| CY2009 | 5,590 | -20.8 | 603 | 129.4 | 9,505 | -33.6 | 883 | 111.4 | 11,098 | -17.4 | 649 | 70.1 |
| CY2010* | 5,076 | 59.3 | 659 | 103.9 | 8,852 | 64.3 | 952 | 86.0 | 7,942 | 8.1 | 634 | 63.8 |
| 9/07 | 597 | -5.3 | 661 | 110.8 | 1,227 | -2.0 | 1,086 | 88.5 | 1,087 | 7.8 | 657 | 60.5 |
| 10/07 | 601 | -3.2 | 653 | 108.7 | 1,329 | 6.0 | 999 | 75.2 | 1,114 | 5.5 | 677 | 60.7 |
| 11/07 | 582 | -3.5 | 645 | 110.8 | 1,206 | -0.5 | 999 | 82.8 | 1,111 | 13.8 | 661 | 59.5 |
| 12/07 | 579 | -7.5 | 665 | 115.0 | 1,201 | 0.3 | 1,009 | 84.1 | 1,026 | 7.7 | 670 | 65.3 |
| 1/08 | 592 | 1.0 | 682 | 115.2 | 1,191 | -2.1 | 1,114 | 93.5 | 1,095 | 8.8 | 666 | 60.8 |
| 2/08 | 603 | 3.7 | 672 | 111.5 | 1,254 | 9.8 | 1,080 | 86.1 | 1,054 | 7.8 | 699 | 66.3 |
| 3/08 | 706 | 5.8 | 612 | 86.6 | 1,400 | 5.9 | 1,000 | 71.5 | 1,291 | 18.2 | 679 | 52.6 |
| 4/08 | 579 | 9.5 | 628 | 108.5 | 1,200 | 5.5 | 1,024 | 85.4 | 1,124 | 10.1 | 695 | 61.8 |
| 5/08 | 590 | 5.6 | 660 | 112.0 | 1,173 | -5.0 | 1,046 | 89.2 | 1,080 | 4.9 | 672 | 62.3 |
| 6/08 | 621 | 7.2 | 630 | 101.3 | 1,232 | 2.4 | 1,030 | 83.6 | 1,126 | 11.9 | 634 | 56.3 |
| 7/08 | 652 | 14.5 | 640 | 98.2 | 1,322 | 8.6 | 986 | 74.6 | 1,130 | 12.1 | 628 | 55.6 |
| 8/08 | 556 | -1.8 | 699 | 125.7 | 1,108 | -7.9 | 1,060 | 95.7 | 1,075 | 0.2 | 639 | 59.4 |
| 9/08 | 620 | 3.9 | 723 | 116.6 | 1,205 | -1.8 | 1,069 | 88.7 | 1,104 | 1.6 | 630 | 57.1 |
| 10/08 | 611 | 1.7 | 693 | 113.4 | 1,269 | -4.5 | 1,075 | 84.7 | 1,149 | 3.2 | 663 | 57.7 |
| 11/08 | 491 | -15.8 | 689 | 140.3 | 1,038 | -13.9 | 1,137 | 109.6 | 1,105 | -0.6 | 683 | 61.8 |
| 12/08 | 433 | -25.2 | 670 | 154.8 | 925 | -23.0 | 1,075 | 116.2 | 1,110 | 8.1 | 645 | 58.1 |
| 1/09 | 312 | -47.3 | 691 | 221.5 | 661 | -44.6 | 1,047 | 158.5 | 1,070 | -2.3 | 696 | 65.1 |
| 2/09 | 296 | -50.9 | 625 | 211.5 | 556 | -55.7 | 939 | 168.9 | 1,005 | -4.7 | 726 | 72.2 |
| 3/09 | 353 | -50.0 | 567 | 160.4 | 586 | -58.1 | 857 | 146.2 | 1,111 | -13.9 | 701 | 63.1 |
| 4/09 | 302 | -47.9 | 541 | 179.3 | 505 | -57.9 | 821 | 162.5 | 840 | -25.2 | 652 | 77.6 |
| 5/09 | 368 | -37.6 | 564 | 153.4 | 572 | -51.2 | 846 | 147.9 | 735 | -31.9 | 634 | 86.2 |
| 6/09 | 451 | -27.4 | 601 | 133.3 | 753 | -38.9 | 841 | 111.6 | 862 | -23.4 | 658 | 76.4 |
| 7/09 | 561 | -14.0 | 588 | 105.0 | 882 | -33.3 | 824 | 93.5 | 859 | -23.9 | 653 | 76.0 |
| 8/09 | 544 | -2.2 | 613 | 112.7 | 874 | -21.1 | 887 | 101.5 | 866 | -19.5 | 648 | 74.8 |
| 9/09 | 594 | -4.2 | 591 | 99.5 | 1,014 | -15.8 | 875 | 86.3 | 925 | -16.2 | 609 | 65.9 |
| 10/09 | 598 | -2.1 | 612 | 102.4 | 1,012 | -20.3 | 868 | 85.8 | 929 | -19.2 | 603 | 64.9 |
| 11/09 | 584 | 19.0 | 613 | 104.9 | 1,039 | 0.0 | 883 | 85.1 | 927 | -16.1 | 621 | 67.0 |
| 12/09 | 628 | 45.2 | 627 | 99.8 | 1,053 | 13.9 | 903 | 85.8 | 968 | -12.8 | 583 | 60.3 |
| 1/10 | 628 | 101.5 | 604 | 96.2 | 1,080 | 63.5 | 925 | 85.7 | 964 | -9.9 | 618 | 64.1 |
| 2/10 | 566 | 91.5 | 653 | 115.4 | 998 | 79.6 | 965 | 96.7 | 871 | -13.4 | 649 | 74.5 |
| 3/10 | 780 | 120.7 | 644 | 82.6 | 1,248 | 113.0 | 908 | 72.8 | 1,151 | 3.5 | 643 | 55.9 |
| 4/10 | 608 | 101.5 | 673 | 110.6 | 1,036 | 105.0 | 953 | 92.0 | 903 | 7.5 | 632 | 70.0 |
| 5/10 | 624 | 69.5 | 692 | 111.0 | 1,084 | 89.6 | 955 | 88.0 | 1,013 | 37.9 | 658 | 64.9 |
| 6/10 | 640 | 42.0 | 665 | 103.8 | 1,127 | 49.6 | 963 | 85.4 | 1,028 | 19.3 | 622 | 60.5 |
| 7/10 | 625 | 11.5 | 675 | 107.9 | 1,163 | 31.9 | 958 | 82.3 | 1,013 | 17.8 | 589 | 58.2 |
| 8/10 | 604 | 11.1 | 666 | 110.2 | 1,116 | 27.7 | 988 | 88.5 | 1,000 | 15.5 | 659 | 65.9 |

Source: The Japan Iron and Steel Federation * to date

Asia's cold-rolled sheet and surface treated sheet volumes are at a certain level. However, it is not subject to export constraints in China, and competition in the Asian market is stiff. The domestic market is sluggish, so exports to Asia are providing support, but we think margins are thin.

## Table 6: Steel exports by country ('000 tonnes)

| | Total | | China | | Korea | | Taiwan | | Thailand | | Others | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ('000 tonnes) | Export | yoy (%) | Export | yoy (%) | Export | yoy (%) | Export | yoy (%) | Export | yoy (%) | Export | yoy (%) |
| CY2005 | 32,604 | -7.6 | 5,783 | -16.1 | 7,738 | -13.6 | 3,605 | 11.4 | 4,099 | 6.1 | 11,379 | -7.9 |
| CY2006 | 35,185 | 7.9 | 6,198 | 7.2 | 8,758 | 13.2 | 3,528 | -2.2 | 3,724 | -9.2 | 12,978 | 14.1 |
| CY2007 | 36,852 | 4.7 | 6,342 | 2.3 | 9,591 | 9.5 | 3,599 | 2.0 | 4,302 | 15.5 | 13,019 | 0.3 |
| CY2008 | 38,128 | 3.5 | 6,670 | 5.2 | 9,282 | -3.2 | 3,703 | 2.9 | 4,625 | 7.5 | 13,848 | 6.4 |
| CY2009 | 34,441 | -9.7 | 6,467 | -3.0 | 9,830 | 5.9 | 3,370 | -9.0 | 2,985 | -35.5 | 11,789 | -14.9 |
| CY2010* | 28,966 | 42.6 | 5,040 | 23.8 | 7,487 | 25.7 | 2,480 | 33.5 | 2,866 | 107.0 | 9,363 | 32.9 |
| 9/07 | 3,040 | 0.9 | 505 | -4.1 | 813 | -0.7 | 292 | -6.7 | 341 | 5.3 | 1,089 | 5.7 |
| 10/07 | 3,133 | 10.5 | 512 | -5.8 | 835 | 26.2 | 320 | 16.7 | 385 | 25.7 | 1,081 | 3.0 |
| 11/07 | 2,929 | -1.0 | 519 | -7.5 | 850 | 24.1 | 268 | -3.9 | 380 | 15.6 | 912 | -17.6 |
| 12/07 | 3,465 | 8.7 | 534 | 2.2 | 911 | 15.3 | 324 | -11.1 | 376 | 3.9 | 1,320 | 14.8 |
| 1/08 | 3,053 | 9.7 | 541 | 2.2 | 778 | 7.5 | 294 | 20.4 | 389 | 6.4 | 1,050 | 14.2 |
| 2/08 | 3,536 | 22.2 | 539 | 14.5 | 1,002 | 46.2 | 302 | 10.6 | 374 | 14.2 | 1,317 | 16.1 |
| 3/08 | 3,895 | 21.3 | 686 | 17.7 | 1,000 | 21.8 | 347 | 11.3 | 373 | 6.7 | 1,488 | 30.0 |
| 4/08 | 3,091 | 8.6 | 568 | 12.1 | 770 | 2.4 | 347 | 14.4 | 339 | 8.4 | 1,068 | 9.8 |
| 5/08 | 3,222 | 0.5 | 580 | 1.9 | 821 | -1.9 | 321 | 4.8 | 408 | 11.2 | 1,092 | -3.0 |
| 6/08 | 3,230 | 4.7 | 539 | -2.3 | 754 | -0.7 | 395 | 12.7 | 381 | 14.5 | 1,162 | 6.6 |
| 7/08 | 3,312 | 7.9 | 581 | 14.7 | 740 | -6.1 | 390 | 33.7 | 413 | 9.5 | 1,188 | 7.5 |
| 8/08 | 3,299 | 3.4 | 570 | 3.1 | 791 | -2.8 | 296 | -5.7 | 406 | 5.0 | 1,236 | 10.0 |
| 9/08 | 3,429 | 12.8 | 563 | 11.4 | 922 | 13.4 | 286 | -1.9 | 446 | 30.7 | 1,212 | 11.3 |
| 10/08 | 2,999 | -4.3 | 593 | 15.8 | 612 | -26.7 | 277 | -13.4 | 417 | 8.4 | 1,100 | 1.7 |
| 11/08 | 2,435 | -16.9 | 468 | -9.9 | 498 | -41.5 | 206 | -23.2 | 356 | -6.4 | 907 | -0.5 |
| 12/08 | 2,627 | -24.2 | 441 | -17.4 | 595 | -34.7 | 241 | -25.7 | 323 | -14.3 | 1,028 | -22.1 |
| 1/09 | 2,003 | -34.4 | 352 | -35.0 | 579 | -25.6 | 161 | -45.1 | 184 | -52.7 | 727 | -30.8 |
| 2/09 | 1,883 | -46.7 | 380 | -29.5 | 603 | -39.8 | 149 | -50.6 | 146 | -61.0 | 604 | -54.2 |
| 3/09 | 2,622 | -32.7 | 495 | -27.8 | 828 | -17.2 | 201 | -42.2 | 120 | -67.8 | 978 | -34.3 |
| 4/09 | 2,154 | -30.3 | 497 | -12.5 | 673 | -12.5 | 209 | -39.7 | 103 | -69.6 | 672 | -37.1 |
| 5/09 | 2,161 | -32.9 | 462 | -20.4 | 699 | -14.8 | 226 | -29.6 | 100 | -75.6 | 674 | -38.2 |
| 6/09 | 2,874 | -11.0 | 627 | 16.4 | 777 | 3.0 | 262 | -33.7 | 171 | -55.2 | 1,038 | -10.7 |
| 7/09 | 3,207 | -3.2 | 634 | 9.1 | 877 | 18.5 | 292 | -25.1 | 267 | -35.3 | 1,137 | -4.3 |
| 8/09 | 3,410 | 3.4 | 624 | 9.5 | 920 | 16.4 | 358 | 20.7 | 294 | -27.6 | 1,214 | -1.8 |
| 9/09 | 3,577 | 4.3 | 680 | 20.8 | 1,021 | 10.8 | 388 | 35.4 | 350 | -21.5 | 1,138 | -6.1 |
| 10/09 | 3,434 | 14.5 | 568 | -4.3 | 985 | 61.0 | 336 | 21.2 | 412 | -1.3 | 1,134 | 3.1 |
| 11/09 | 3,266 | 34.1 | 543 | 16.1 | 859 | 72.6 | 326 | 58.5 | 436 | 22.4 | 1,102 | 21.4 |
| 12/09 | 3,849 | 46.5 | 606 | 37.2 | 1,007 | 69.4 | 462 | 91.8 | 403 | 24.9 | 1,371 | 33.4 |
| 1/10 | 3,439 | 71.7 | 600 | 70.5 | 948 | 63.8 | 328 | 103.1 | 401 | 118.2 | 1,162 | 59.8 |
| 2/10 | 3,420 | 81.6 | 577 | 51.6 | 857 | 42.0 | 293 | 95.7 | 354 | 142.7 | 1,340 | 121.9 |
| 3/10 | 4,211 | 60.6 | 673 | 35.9 | 1,151 | 39.0 | 428 | 113.6 | 427 | 256.5 | 1,531 | 56.5 |
| 4/10 | 3,506 | 62.8 | 674 | 35.7 | 885 | 31.4 | 300 | 43.8 | 374 | 263.2 | 1,272 | 89.4 |
| 5/10 | 3,602 | 66.7 | 609 | 31.8 | 938 | 34.2 | 249 | 10.0 | 460 | 361.5 | 1,346 | 99.7 |
| 6/10 | 3,864 | 34.4 | 696 | 11.0 | 977 | 25.7 | 406 | 55.1 | 445 | 161.0 | 1,341 | 29.2 |
| 7/10 | 3,335 | 4.0 | 605 | -4.5 | 795 | -9.3 | 198 | -32.3 | 366 | 37.0 | 1,371 | 20.5 |
| 8/10 | 3,589 | 5.2 | 607 | -2.7 | 936 | 1.6 | 279 | -22.0 | 439 | 49.3 | 1,328 | 9.4 |

Source: The Japan Iron and Steel Federation * to date

Export-related momentum is slowing due to the strong yen. Blast furnace exports remain high, but selling prices do not seem to allow sufficient margins to be secured.

### Table 7: Global crude steel production

| | Global | | Global (excl.China) | | Chia | | US | | EU15 | | CIS | | India | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ('000 tonnes) | | yoy (%) | | yoy (%) | | yoy (%) | | B/A (%) | | yoy (%) | | yoy (%) | | yoy (%) |
| CY2005 | 1,116,469 | 7.8 | 762,906 | -0.2 | 353,563 | 30.5 | 93,217 | -5.4 | 165,246 | -1.9 | 113,103 | 0.0 | 40,862 | 25.2 |
| CY2006 | 1,231,147 | 10.3 | 807,456 | 5.8 | 423,691 | 19.8 | 98,540 | 5.7 | 173,293 | 4.9 | 119,455 | 5.6 | 49,450 | 21.0 |
| CY2007 | 1,325,243 | 7.6 | 833,469 | 3.2 | 491,775 | 16.1 | 98,182 | -0.4 | 175,292 | 1.2 | 124,056 | 3.9 | 53,080 | 7.3 |
| CY2008 | 1,305,076 | -1.5 | 806,388 | -3.2 | 498,688 | 1.4 | 91,350 | -7.0 | 167,699 | -4.3 | 113,987 | -8.1 | 57,791 | 8.9 |
| CY2009 | 1,204,535 | -7.7 | 637,887 | -20.9 | 566,648 | 13.6 | 58,196 | -36.3 | 117,185 | -30.1 | 97,358 | -14.6 | 62,838 | 8.7 |
| CY2010* | 1,045,899 | 19.5 | 571,403 | 25.5 | 474,496 | 13.0 | 60,926 | 49.9 | 110,598 | 34.5 | 79,124 | 11.7 | 50,092 | 7.8 |
| 10/07 | 114,703 | 7.3 | 71,466 | 3.4 | 43,237 | 14.3 | 8,484 | 4.8 | 15,114 | -0.3 | 10,518 | 5.7 | 4,631 | 8.8 |
| 11/07 | 109,936 | 4.9 | 69,775 | 4.5 | 40,161 | 5.5 | 8,203 | 10.7 | 14,510 | 2.5 | 10,145 | 0.1 | 4,565 | 7.8 |
| 12/07 | 111,506 | 5.9 | 70,192 | 4.4 | 41,314 | 8.5 | 8,446 | 20.0 | 13,619 | -1.8 | 10,584 | -0.6 | 4,724 | 8.0 |
| 1/08 | 113,160 | 4.8 | 71,985 | 3.3 | 41,175 | 7.4 | 8,652 | 14.7 | 14,944 | -1.2 | 10,839 | 1.9 | 4,475 | 1.5 |
| 2/08 | 107,317 | 5.8 | 68,786 | 5.6 | 38,531 | 6.0 | 8,215 | 7.6 | 14,415 | 1.9 | 10,218 | 5.0 | 4,489 | 4.2 |
| 3/08 | 119,895 | 6.1 | 74,641 | 2.6 | 45,254 | 12.4 | 8,598 | 3.3 | 15,814 | -1.3 | 11,316 | 5.9 | 4,828 | 1.4 |
| 4/08 | 117,762 | 6.8 | 72,569 | 4.1 | 45,193 | 11.4 | 8,376 | 2.0 | 15,576 | 2.5 | 10,540 | 0.7 | 4,980 | 19.2 |
| 5/08 | 121,808 | 7.9 | 75,613 | 6.1 | 46,195 | 11.0 | 8,733 | 2.5 | 16,008 | 4.4 | 11,511 | 10.2 | 5,075 | 17.5 |
| 6/08 | 119,304 | 6.4 | 72,673 | 4.5 | 46,631 | 9.4 | 8,373 | 1.6 | 15,617 | 5.1 | 10,697 | 3.0 | 4,786 | 16.2 |
| 7/08 | 117,260 | 6.2 | 72,235 | 5.2 | 45,025 | 7.9 | 8,517 | 2.9 | 14,572 | 2.3 | 10,605 | 2.6 | 5,028 | 19.3 |
| 8/08 | 113,028 | 3.7 | 70,125 | 4.7 | 42,903 | 2.1 | 8,668 | 4.0 | 13,191 | 4.2 | 10,294 | 1.1 | 5,048 | 13.8 |
| 9/08 | 108,009 | -3.5 | 68,619 | 0.3 | 39,390 | -9.6 | 7,842 | -1.5 | 14,696 | 1.6 | 9,311 | -6.4 | 4,922 | 11.4 |
| 10/08 | 99,199 | -13.5 | 62,866 | -12.0 | 36,333 | -16.0 | 6,759 | -20.3 | 14,007 | -7.3 | 7,087 | -32.6 | 4,822 | 4.1 |
| 11/08 | 86,497 | -21.3 | 52,090 | -25.3 | 34,407 | -14.3 | 4,699 | -42.7 | 11,194 | -22.9 | 5,771 | -43.1 | 4,573 | 0.2 |
| 12/08 | 81,837 | -26.6 | 44,186 | -37.0 | 37,651 | -8.9 | 3,918 | -53.6 | 7,665 | -43.7 | 5,798 | -45.2 | 4,765 | 0.9 |
| 1/09 | 86,561 | -23.5 | 45,621 | -36.6 | 40,940 | -0.6 | 4,082 | -52.8 | 8,670 | -42.0 | 6,583 | -39.3 | 4,720 | 5.5 |
| 2/09 | 86,610 | -19.3 | 45,497 | -33.9 | 41,113 | 6.7 | 3,952 | -51.9 | 8,809 | -38.9 | 7,274 | -28.8 | 4,652 | 3.6 |
| 3/09 | 92,147 | -23.1 | 47,266 | -36.7 | 44,881 | -0.8 | 3,950 | -54.1 | 8,772 | -44.5 | 7,619 | -32.7 | 5,066 | 4.9 |
| 4/09 | 89,644 | -23.9 | 46,026 | -36.6 | 43,618 | -3.5 | 3,799 | -54.6 | 7,894 | -49.3 | 7,211 | -31.6 | 5,254 | 5.5 |
| 5/09 | 96,179 | -21.0 | 49,651 | -34.3 | 46,528 | 0.7 | 4,120 | -52.8 | 9,089 | -43.2 | 7,643 | -33.6 | 5,423 | 6.9 |
| 6/09 | 100,661 | -15.6 | 51,352 | -29.3 | 49,309 | 5.7 | 4,364 | -47.9 | 9,470 | -39.4 | 8,057 | -24.7 | 5,251 | 9.7 |
| 7/09 | 104,701 | -10.7 | 54,057 | -25.2 | 50,644 | 12.5 | 5,040 | -40.8 | 9,375 | -35.7 | 8,328 | -21.5 | 5,440 | 8.2 |
| 8/09 | 108,351 | -4.1 | 56,120 | -20.0 | 52,231 | 21.7 | 5,548 | -36.0 | 8,534 | -35.3 | 9,277 | -9.9 | 5,355 | 6.1 |
| 9/09 | 110,523 | 2.3 | 59,812 | -12.8 | 50,711 | 28.7 | 5,776 | -26.3 | 11,625 | -20.9 | 8,845 | -5.0 | 5,293 | 7.5 |
| 10/09 | 114,230 | 15.2 | 62,483 | -0.6 | 51,747 | 42.4 | 5,991 | -11.4 | 12,641 | -9.8 | 8,910 | 25.7 | 5,283 | 9.6 |
| 11/09 | 107,968 | 24.8 | 60,706 | 16.5 | 47,262 | 37.4 | 5,711 | 21.5 | 12,171 | 8.7 | 8,723 | 51.2 | 5,390 | 17.9 |
| 12/09 | 106,962 | 30.7 | 59,297 | 34.2 | 47,664 | 26.6 | 5,862 | 49.6 | 10,135 | 32.2 | 8,888 | 53.3 | 5,711 | 19.9 |
| 1/10 | 113,462 | 31.1 | 60,927 | 33.6 | 52,535 | 28.3 | 6,234 | 52.7 | 11,791 | 36.0 | 8,490 | 29.0 | 5,642 | 19.5 |
| 2/10 | 107,880 | 24.6 | 57,523 | 26.4 | 50,357 | 22.5 | 6,243 | 58.0 | 11,479 | 30.3 | 7,866 | 8.1 | 5,125 | 10.2 |
| 3/10 | 120,813 | 31.1 | 65,845 | 39.3 | 54,968 | 22.5 | 7,112 | 80.0 | 13,358 | 52.3 | 9,213 | 20.9 | 5,532 | 9.2 |
| 4/10 | 120,779 | 34.7 | 65,376 | 42.0 | 55,403 | 27.0 | 6,955 | 83.1 | 12,987 | 64.5 | 9,248 | 28.2 | 5,597 | 6.5 |
| 5/10 | 124,851 | 29.8 | 68,708 | 38.4 | 56,143 | 20.7 | 7,264 | 76.3 | 14,031 | 54.4 | 9,586 | 25.4 | 5,760 | 6.2 |
| 6/10 | 118,433 | 17.7 | 64,667 | 25.9 | 53,766 | 9.0 | 7,090 | 62.5 | 12,899 | 36.2 | 8,601 | 6.8 | 5,462 | 4.0 |
| 7/10 | 114,791 | 9.6 | 63,048 | 16.6 | 51,743 | 2.2 | 6,764 | 34.2 | 11,711 | 24.9 | 8,700 | 4.5 | 5,697 | 4.7 |
| 8/10 | 113,141 | 4.4 | 61,505 | 9.6 | 51,636 | -1.1 | 6,619 | 19.3 | 10,210 | 19.6 | 8,710 | -6.1 | 5,637 | 5.3 |
| 9/10 | 111,748 | 1.1 | 63,803 | 6.7 | 47,945 | -5.5 | 6,645 | 15.0 | 12,132 | 4.4 | 8,710 | -1.5 | 5,640 | 6.6 |

Source: WorldSteel * to date

Global crude steel production is decreasing due to softening prices. From September, energy-inefficient steelmakers were scheduled to cut production at the behest of the Chinese government, but supply cuts were below expectations. Oversupply remains unresolved, and further cuts may be required for prices to turn around.

## Table 8: Global steel inventories

| | US | | EU | | South Korea | | Japan | | China at traders | |
|---|---|---|---|---|---|---|---|---|---|---|
| ('000 tonnes) | | yoy (%) | | yoy (%) | | yoy (%) | | B/A (%) | | yoy (%) |
| CY2005 | 9,509 | 0.8 | 2,158 | 4.3 | 2,244 | 38.0 | 6,580 | 1.0 | NA | NA |
| CY2006 | 10,530 | 10.7 | 2,023 | -6.3 | 2,588 | 15.3 | 6,412 | -2.5 | NA | NA |
| CY2007 | 9,962 | -5.4 | 2,406 | 18.9 | 2,957 | 14.3 | 6,550 | 2.1 | NA | NA |
| CY2008 | 8,806 | -11.6 | 2,508 | 4.3 | 3,155 | 6.7 | 6,486 | -1.0 | 7,523 | NA |
| CY2009 | 5,718 | -35.1 | 2,081 | -17.0 | 2,599 | -17.6 | 5,807 | -10.5 | 10,373 | 37.9 |
| CY2010* | 5,965 | -0.9 | 2,123 | -3.3 | 2,620 | -1.4 | 6,108 | 4.4 | 15,705 | 63.3 |
| 8/07 | 9,418 | -16.9 | 2,492 | 21.4 | 2,915 | 16.9 | 6,759 | 3.9 | 5,530 | NA |
| 9/07 | 9,158 | -22.2 | 2,409 | 17.0 | 2,917 | 5.8 | 6,590 | 5.0 | 5,876 | NA |
| 10/07 | 9,088 | -23.8 | 2,397 | 15.4 | 3,021 | 18.1 | 6,639 | 5.0 | 6,027 | NA |
| 11/07 | 8,901 | -25.6 | 2,325 | 10.5 | 2,930 | 9.2 | 6,650 | 4.9 | 5,507 | NA |
| 12/07 | 8,904 | -21.2 | 2,279 | 6.6 | 3,110 | -0.3 | 6,750 | 6.9 | 5,900 | NA |
| 1/08 | 8,598 | -23.0 | 2,365 | 5.3 | 2,953 | -4.2 | 6,888 | 4.9 | 7,128 | NA |
| 2/08 | 8,563 | -23.3 | 2,385 | 2.7 | 2,864 | 2.0 | 6,591 | 4.7 | 9,931 | NA |
| 3/08 | 8,708 | -19.3 | 2,458 | 2.9 | 2,878 | -2.2 | 6,094 | -1.3 | 9,059 | NA |
| 4/08 | 8,913 | -16.8 | 2,449 | -0.3 | 2,704 | -8.0 | 6,274 | -3.3 | 8,074 | NA |
| 5/08 | 9,049 | -14.3 | 2,524 | 0.8 | 2,772 | -5.7 | 6,433 | -2.9 | 7,545 | 21.4 |
| 6/08 | 9,298 | -6.1 | 2,585 | 2.2 | 3,075 | 3.5 | 6,353 | -1.1 | 7,332 | 19.3 |
| 7/08 | 9,505 | -2.8 | 2,630 | 4.6 | 2,975 | 2.0 | 6,098 | -8.1 | 7,229 | 24.9 |
| 8/08 | 9,577 | 1.7 | 2,596 | 4.1 | 3,040 | 4.3 | 6,535 | -3.3 | 7,475 | 35.2 |
| 9/08 | 9,276 | 1.3 | 2,534 | 5.2 | 3,429 | 17.6 | 6,527 | -1.0 | 7,577 | 28.9 |
| 10/08 | 8,716 | -4.1 | 2,579 | 7.6 | 3,772 | 24.9 | 6,680 | 0.6 | 7,346 | 21.9 |
| 11/08 | 7,952 | -10.7 | 2,514 | 8.1 | 4,098 | 39.9 | 6,806 | 2.3 | 5,751 | 4.4 |
| 12/08 | 7,516 | -15.6 | 2,476 | 8.6 | 3,295 | 5.9 | 6,548 | -3.0 | 5,826 | -1.3 |
| 1/09 | 7,382 | -14.1 | 2,487 | 5.2 | 2,868 | -2.9 | 6,448 | -6.4 | 7,039 | -1.3 |
| 2/09 | 7,224 | -15.6 | 2,456 | 3.0 | 2,819 | -1.6 | 6,209 | -5.8 | 11,326 | 14.0 |
| 3/09 | 6,823 | -21.6 | 2,342 | -4.7 | 2,824 | -1.9 | 5,772 | -5.3 | 10,834 | 19.6 |
| 4/09 | 6,203 | -30.4 | 2,213 | -9.7 | 2,676 | -1.0 | 5,483 | -12.6 | 9,475 | 17.3 |
| 5/09 | 5,608 | -38.0 | 2,140 | -15.2 | 2,548 | -8.1 | 5,758 | -10.5 | 8,907 | 18.1 |
| 6/09 | 5,168 | -44.4 | 2,041 | -21.1 | 2,438 | -20.7 | 5,686 | -10.5 | 8,965 | 22.3 |
| 7/09 | 4,932 | -48.1 | 1,973 | -25.0 | 2,431 | -18.3 | 5,603 | -8.1 | 9,441 | 30.6 |
| 8/09 | 4,836 | -49.5 | 1,912 | -26.4 | 2,418 | -20.5 | 5,834 | -10.7 | 10,939 | 46.3 |
| 9/09 | 4,979 | -46.3 | 1,893 | -25.3 | 2,457 | -28.4 | 5,578 | -14.5 | 11,232 | 48.2 |
| 10/09 | 5,111 | -41.4 | 1,867 | -27.6 | 2,609 | -30.8 | 5,643 | -15.5 | 12,025 | 63.7 |
| 11/09 | 5,047 | -36.5 | 1,837 | -26.9 | 2,503 | -38.9 | 5,829 | -14.3 | 11,968 | 108.1 |
| 12/09 | 5,310 | -29.4 | 1,811 | -26.9 | 2,576 | -21.8 | 5,847 | -10.7 | 12,321 | 111.5 |
| 1/10 | 5,411 | -26.7 | 1,862 | -25.1 | 2,412 | -15.9 | 5,983 | -7.2 | 13,667 | 94.2 |
| 2/10 | 5,607 | -22.4 | 2,026 | -17.5 | 2,569 | -8.9 | 6,330 | 1.9 | 18,093 | 59.7 |
| 3/10 | 5,610 | -17.8 | 2,159 | -7.8 | 2,512 | -11.0 | 5,846 | 1.3 | 17,289 | 59.6 |
| 4/10 | 5,809 | -6.4 | 2,150 | -2.8 | 2,327 | -13.0 | 6,003 | 9.5 | 15,247 | 60.9 |
| 5/10 | 6,013 | 7.2 | 2,187 | 2.2 | 2,639 | 3.6 | 6,224 | 8.1 | 15,782 | 77.2 |
| 6/10 | 6,378 | 23.4 | 2,225 | 9.0 | 2,808 | 15.2 | 6,189 | 8.9 | 15,720 | 75.3 |
| 7/10 | 6,447 | 30.7 | 2,218 | 12.4 | 3,071 | 26.3 | 6,067 | 8.3 | 14,942 | 58.3 |
| 8/10 | 6,446 | 33.3 | 2,157 | 12.9 | | | 6,224 | 6.7 | 14,897 | 36.2 |

Source: The Japan Iron and Steel Federation, CRU, KOSA, Mysteel * to date

China's distribution inventories have declined for long products, but remain high for HRC. Globally, supply-demand for flat products is not favourable.

## Table 9: Index data for major countries (1)

| | China steel consumption | | China steel imports | | US steel consumption | | US steel imports | | US: No. of oil rigs |
|---|---|---|---|---|---|---|---|---|---|
| | A | yoy | B | B/A | A | yoy | B | B/A | |
| ('000 tonnes) | | (%) | | (%) | | (%) | | (%) | |
| CY2005 | 381,990 | 22.2 | 25,855 | 6.8 | 118,658 | -9.7 | 31,844 | 26.8 | 1,387 |
| CY2006 | 439,140 | 15.0 | 18,548 | 4.2 | 134,861 | 13.7 | 45,218 | 33.5 | 1,658 |
| CY2007 | 512,220 | 16.6 | 16,860 | 3.3 | 121,611 | -9.8 | 33,243 | 27.3 | 1,763 |
| CY2008 | 537,391 | 4.9 | 15,412 | 2.9 | 110,442 | -9.2 | 31,928 | 28.9 | 1,874 |
| CY2009 | 683,565 | 27.2 | 17,620 | 2.6 | 65,243 | -40.9 | 16,214 | 24.9 | 1,076 |
| CY2010* | 512,590 | 17.1 | 11,170 | 2.2 | 52,650 | 47.4 | 14,130 | 26.8 | 1,511 |
| 8/07 | 43,960 | 19.5 | 1,460 | 3.3 | 10,296 | -14.3 | 2,646 | 25.7 | 1,816 |
| 9/07 | 45,570 | 19.8 | 1,430 | 3.1 | 9,520 | -17.1 | 2,388 | 25.1 | 1,760 |
| 10/07 | 45,970 | 17.6 | 1,210 | 2.6 | 10,122 | -7.6 | 2,774 | 27.4 | 1,760 |
| 11/07 | 44,930 | 14.8 | 1,350 | 3.0 | 9,661 | -3.2 | 2,322 | 24.0 | 1,773 |
| 12/07 | 46,210 | 19.9 | 1,330 | 2.9 | 9,223 | -1.6 | 2,004 | 21.7 | 1,782 |
| 1/08 | 43,200 | 13.8 | 1,430 | 3.3 | 10,434 | 2.0 | 2,667 | 25.6 | 1,747 |
| 2/08 | 40,740 | 15.5 | 1,250 | 3.1 | 10,161 | 4.8 | 2,483 | 24.4 | 1,771 |
| 3/08 | 49,810 | 16.4 | 1,510 | 3.0 | 10,203 | -6.5 | 2,571 | 25.2 | 1,808 |
| 4/08 | 48,290 | 18.7 | 1,500 | 3.1 | 10,557 | 3.9 | 2,979 | 28.2 | 1,842 |
| 5/08 | 49,120 | 16.5 | 1,340 | 2.7 | 9,893 | -9.4 | 2,501 | 25.3 | 1,877 |
| 6/08 | 50,080 | 14.9 | 1,260 | 2.5 | 10,036 | -3.4 | 2,730 | 27.2 | 1,913 |
| 7/08 | 45,240 | 4.9 | 1,440 | 3.2 | 10,100 | -3.6 | 2,909 | 28.8 | 1,957 |
| 8/08 | 41,740 | -5.1 | 1,330 | 3.2 | 9,565 | -7.1 | 2,547 | 26.6 | 2,031 |
| 9/08 | 40,520 | -11.1 | 1,270 | 3.1 | 8,981 | -5.7 | 2,949 | 32.8 | 1,995 |
| 10/08 | 40,630 | -11.6 | 1,150 | 2.8 | 8,241 | -18.6 | 3,118 | 37.8 | 1,964 |
| 11/08 | 41,091 | -8.5 | 1,002 | 2.4 | 6,523 | -32.5 | 2,407 | 36.9 | 1,866 |
| 12/08 | 46,930 | 1.6 | 930 | 2.0 | 5,748 | -37.7 | 2,067 | 36.0 | 1,721 |
| 1/09 | 43,800 | 1.4 | 870 | 2.0 | 6,052 | -42.0 | 2,368 | 39.1 | 1,515 |
| 2/09 | 46,600 | 14.4 | 1,090 | 2.3 | 5,195 | -48.9 | 1,589 | 30.6 | 1,243 |
| 3/09 | 52,690 | 5.8 | 1,270 | 2.4 | 4,908 | -51.9 | 1,540 | 31.4 | 1,039 |
| 4/09 | 52,745 | 9.2 | 1,620 | 3.1 | 4,548 | -56.9 | 1,230 | 27.0 | 955 |
| 5/09 | 57,590 | 17.2 | 1,650 | 2.9 | 4,671 | -52.8 | 1,035 | 22.2 | 899 |
| 6/09 | 61,820 | 23.4 | 1,630 | 2.6 | 4,902 | -51.2 | 862 | 17.6 | 917 |
| 7/09 | 60,840 | 34.5 | 1,740 | 2.9 | 5,455 | -46.0 | 991 | 18.2 | 943 |
| 8/09 | 61,490 | 47.3 | 1,590 | 2.6 | 5,590 | -41.6 | 975 | 17.4 | 999 |
| 9/09 | 60,600 | 49.6 | 1,910 | 3.2 | 5,829 | -35.1 | 1,211 | 20.8 | 1,017 |
| 10/09 | 61,220 | 50.7 | 1,480 | 2.4 | 6,357 | -22.9 | 1,626 | 25.6 | 1,069 |
| 11/09 | 61,390 | 49.4 | 1,290 | 2.1 | 5,498 | -15.7 | 1,377 | 25.0 | 1,137 |
| 12/09 | 62,780 | 33.8 | 1,480 | 2.4 | 6,238 | 8.5 | 1,410 | 22.6 | 1,178 |
| 1/10 | 60,230 | 37.5 | 1,350 | 2.2 | 6,914 | 14.2 | 1,662 | 24.0 | 1,317 |
| 2/10 | 54,240 | 16.4 | 1,140 | 2.1 | 6,643 | 27.9 | 1,582 | 23.8 | 1,373 |
| 3/10 | 66,250 | 25.7 | 1,630 | 2.5 | 8,147 | 66.0 | 2,054 | 25.2 | 1,444 |
| 4/10 | 66,300 | 25.7 | 1,500 | 2.3 | 7,636 | 67.9 | 2,078 | 27.2 | 1,482 |
| 5/10 | 65,530 | 13.8 | 1,360 | 2.1 | 8,079 | 73.0 | 2,294 | 28.4 | 1,535 |
| 6/10 | 67,290 | 8.8 | 1,450 | 2.2 | 7,840 | 59.9 | 2,035 | 26.0 | 1,552 |
| 7/10 | 64,520 | 6.0 | 1,400 | 2.2 | 7,391 | 35.5 | 2,425 | 32.8 | 1,586 |
| 8/10 | 68,230 | 11.0 | 1,340 | 2.0 | | | 2,155 | | 1,656 |
| 9/10 | | | 1,320 | | | | | | 1,650 |

Source: The Japan Iron and Steel Federation * to date

China’s apparent consumption is estimated to be negative yoy. Meanwhile, construction demand is strong, reflecting inventory adjustment. Fiscal tightening measures are ongoing, so the negative growth is likely to continue.

## Table 10: Index data for major countries (2)

| ('000 tonnes) | Korea crude steel production | | Korea steel exports | | Korea steel imports | | Korea flat steel inventory | | Korea HRC price | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | YoY (%) | | YoY (%) | | YoY (%) | | YoY (%) | (US$/ton) | YoY (%) |
| CY2005 | 47,820 | 0.6 | 16,576 | 6.9 | 22,125 | 2.9 | 1,391 | 28.6 | 554 | 31.0 |
| CY2006 | 48,455 | 1.3 | 18,431 | 11.2 | 24,612 | 11.2 | 1,802 | 29.6 | 526 | -5.1 |
| CY2007 | 51,517 | 6.3 | 19,280 | 4.6 | 28,855 | 17.2 | 2,190 | 21.6 | 560 | 6.5 |
| CY2008 | 53,625 | 4.1 | 21,004 | 8.9 | 31,397 | 8.8 | 2,318 | 5.8 | 671 | 19.7 |
| CY2009 | 48,572 | -9.4 | 20,647 | -1.7 | 22,108 | -29.6 | 1,734 | -25.2 | 579 | -13.7 |
| CY2010* | 42,110 | 20.4 | 13,704 | 19.0 | 16,943 | 57.6 | 1,742 | -2.1 | 674 | 16.5 |
| 8/07 | 4,196 | 4.6 | 1,614 | 5.4 | 2,308 | 3.3 | 2,245 | 32.0 | 554 | 2.5 |
| 9/07 | 4,113 | 1.1 | 1,486 | -7.8 | 2,075 | -15.2 | 2,263 | 11.9 | 568 | 3.4 |
| 10/07 | 4,328 | 9.1 | 1,619 | 6.2 | 2,517 | 26.9 | 2,377 | 26.2 | 577 | 4.6 |
| 11/07 | 4,304 | 4.2 | 1,592 | -1.2 | 2,397 | 14.7 | 2,295 | 17.8 | 564 | 0.9 |
| 12/07 | 4,674 | 8.4 | 1,631 | 6.3 | 2,487 | 17.5 | 2,172 | -1.2 | 556 | -0.6 |
| 1/08 | 4,668 | 6.4 | 1,703 | 4.6 | 2,845 | 26.6 | 2,221 | 2.3 | 551 | -0.3 |
| 2/08 | 4,197 | 12.5 | 1,645 | 11.2 | 2,635 | 23.4 | 2,219 | 10.8 | 617 | 11.8 |
| 3/08 | 4,701 | 5.7 | 1,729 | 7.5 | 2,879 | 9.3 | 2,174 | 2.7 | 593 | 7.2 |
| 4/08 | 4,573 | 7.1 | 1,977 | 20.1 | 3,045 | 10.9 | 2,079 | -2.6 | 697 | 24.8 |
| 5/08 | 4,808 | 8.4 | 1,919 | 12.8 | 2,754 | 2.2 | 2,099 | -1.9 | 680 | 21.5 |
| 6/08 | 4,664 | 6.9 | 1,736 | 7.6 | 2,695 | 13.8 | 2,233 | 3.3 | 669 | 18.8 |
| 7/08 | 4,649 | 8.9 | 2,070 | 24.5 | 3,237 | 44.1 | 2,211 | 0.1 | 840 | 48.5 |
| 8/08 | 4,484 | 6.9 | 1,790 | 10.9 | 2,912 | 26.2 | 2,279 | 1.5 | 781 | 40.9 |
| 9/08 | 4,550 | 10.6 | 1,702 | 14.5 | 2,904 | 40.0 | 2,529 | 11.7 | 704 | 24.0 |
| 10/08 | 4,611 | 6.5 | 1,697 | 4.8 | 2,248 | -10.7 | 2,586 | 8.8 | 665 | 15.1 |
| 11/08 | 4,018 | -6.6 | 1,347 | -15.4 | 1,769 | -26.2 | 2,930 | 27.7 | 579 | 2.5 |
| 12/08 | 3,702 | -20.8 | 1,689 | 3.6 | 1,474 | -40.7 | 2,254 | 3.8 | 675 | 21.5 |
| 1/09 | 3,408 | -27.0 | 1,340 | -21.3 | 1,496 | -47.4 | 1,936 | -12.8 | 616 | 11.9 |
| 2/09 | 3,155 | -24.8 | 1,354 | -17.7 | 1,286 | -51.2 | 1,933 | -12.9 | 551 | -10.7 |
| 3/09 | 3,679 | -21.7 | 1,588 | -8.2 | 1,672 | -41.9 | 1,905 | -12.4 | 615 | 3.7 |
| 4/09 | 3,906 | -14.6 | 1,763 | -10.8 | 1,512 | -50.3 | 1,820 | -12.5 | 665 | -4.6 |
| 5/09 | 4,039 | -16.0 | 1,777 | -7.4 | 1,308 | -52.5 | 1,678 | -20.1 | 542 | -20.3 |
| 6/09 | 3,939 | -15.5 | 1,796 | 3.5 | 1,686 | -37.4 | 1,568 | -29.8 | 535 | -20.0 |
| 7/09 | 4,095 | -11.9 | 1,902 | -8.1 | 1,788 | -44.8 | 1,623 | -26.6 | 555 | -33.9 |
| 8/09 | 4,246 | -5.3 | 1,770 | -1.1 | 1,942 | -33.3 | 1,680 | -26.3 | 545 | -30.2 |
| 9/09 | 4,510 | -0.9 | 1,807 | 6.2 | 2,505 | -13.7 | 1,615 | -36.1 | 578 | -17.9 |
| 10/09 | 4,671 | 1.3 | 1,752 | 3.2 | 2,484 | 10.5 | 1,734 | -32.9 | 576 | -13.3 |
| 11/09 | 4,426 | 10.1 | 1,803 | 33.9 | 2,159 | 22.0 | 1,619 | -44.7 | 585 | 1.1 |
| 12/09 | 4,498 | 21.5 | 1,995 | 18.1 | 2,270 | 54.0 | 1,698 | -24.7 | 583 | -13.6 |
| 1/10 | 4,488 | 31.7 | 1,732 | 29.3 | 2,339 | 56.4 | 1,563 | -19.3 | 585 | -5.1 |
| 2/10 | 3,919 | 24.2 | 1,682 | 24.2 | 2,127 | 65.4 | 1,671 | -13.5 | 586 | 6.3 |
| 3/10 | 4,959 | 34.8 | 2,028 | 27.7 | 2,772 | 65.8 | 1,727 | -9.3 | 601 | -2.2 |
| 4/10 | 5,067 | 29.7 | 2,168 | 23.0 | 2,503 | 65.5 | 1,652 | -9.2 | 613 | -7.8 |
| 5/10 | 5,119 | 26.7 | 2,046 | 15.1 | 2,429 | 85.7 | 1,720 | 2.5 | 707 | 30.4 |
| 6/10 | 4,784 | 21.5 | 1,940 | 8.0 | 2,412 | 43.1 | 1,750 | 11.6 | 700 | 30.9 |
| 7/10 | 4,602 | 12.4 | 2,108 | 10.8 | 2,361 | 32.0 | 2,114 | 30.3 | 747 | 34.5 |
| 8/10 | 4,517 | 6.4 | | | | | | | 751 | 37.8 |
| 9/10 | 4,655 | 3.2 | | | | | | | 772 | 33.6 |

Source: World Steel Association, AISI, Korean Government * to date

South Korea’s crude steel output is expanding alongside the operational start up of Hyundai Steel’s No. 1 blast furnace. The second blast furnace is slated to start up in November, so data should remain positive for the near term. South Korea could become a net exporter in 2011.

## Table 11: Index data for resources (1)

| | Iron ore import in China ('000 tonne) | | Iron ore production in China ('000 tonne) | | Coal production in China ('000 tonne) | | Net coking coal export in China ('000 tonne) |
|---|---|---|---|---|---|---|---|
| CY2000 | 69,992 | 26.6 | 211,452 | 7.1 | 849,444 | -11.7 | 6,470 |
| CY2001 | 92,317 | 31.9 | 217,537 | 2.9 | 960,476 | 13.1 | 11,449 |
| CY2002 | 111,490 | 20.8 | 230,091 | 5.8 | 1,108,071 | 15.4 | 13,040 |
| CY2003 | 147,732 | 32.5 | 258,464 | 12.3 | 1,500,466 | 35.4 | 10,531 |
| CY2004 | 208,090 | 40.9 | 294,547 | 14.0 | 1,955,930 | 30.4 | -1,059 |
| CY2005 | 276,245 | 32.8 | 400,914 | 36.1 | 2,112,613 | 8.0 | -1,933 |
| CY2006 | 325,018 | 17.7 | 578,246 | 44.2 | 2,325,260 | 10.1 | -294 |
| CY2007 | 383,614 | 18.0 | 698,028 | 20.7 | 2,523,000 | 8.5 | -576 |
| CY2008 | 444,133 | 15.8 | 784,824 | 12.4 | 2,606,254 | 3.3 | -3,399 |
| CY2009 | 628,321 | 41.5 | 875,288 | 11.5 | 3,049,887 | 17.0 | -33,856 |
| CY2010* | 457,904 | -2.5 | 681,914 | 28.4 | 1,869,046 | 19.3 | -7,332 |
| 09/06 | 28,100 | 22.1 | 53,053 | 54.6 | 192,820 | 54.0 | 275 |
| 10/06 | 21,970 | -1.4 | 55,490 | 45.0 | 197,950 | 30.9 | 29 |
| 11/06 | 27,300 | 0.1 | 59,274 | 50.3 | 235,760 | 5.6 | -69 |
| 12/06 | 28,620 | 6.9 | 60,909 | 39.9 | 324,220 | 5.2 | -448 |
| 01/07 | 35,800 | 34.7 | 41,449 | 40.7 | 180,170 | 28.1 | 327 |
| 02/07 | 28,740 | 15.8 | 42,215 | 43.2 | 126,790 | 30.4 | 333 |
| 03/07 | 35,620 | 20.7 | 55,616 | 22.1 | 198,900 | 4.5 | 278 |
| 04/07 | 33,370 | 22.3 | 54,314 | 34.1 | 200,500 | 11.2 | 87 |
| 05/07 | 27,620 | 12.4 | 60,505 | 31.2 | 194,040 | 1.9 | -232 |
| 06/07 | 26,900 | -6.4 | 67,785 | 24.5 | 201,300 | 2.8 | -173 |
| 07/07 | 33,605 | 35.9 | 60,574 | 20.5 | 203,400 | 9.9 | -124 |
| 08/07 | 29,289 | -10.7 | 61,990 | 15.4 | 203,500 | 4.5 | -266 |
| 09/07 | 33,240 | 18.3 | 61,450 | 15.8 | 203,430 | 5.5 | -55 |
| 10/07 | 29,770 | 35.5 | 59,840 | 7.8 | 221,500 | 11.9 | -243 |
| 11/07 | 35,460 | 29.9 | 64,138 | 8.2 | 235,860 | 0.0 | -179 |
| 12/07 | 34,200 | 19.5 | 68,153 | 11.9 | 353,610 | 9.1 | -328 |
| 01/08 | 36,808 | 2.8 | 47,991 | 15.8 | 177,620 | -1.4 | -439 |
| 02/08 | 38,200 | 32.9 | 53,227 | 26.1 | 162,100 | 27.8 | -113 |
| 03/08 | 35,682 | 0.2 | 66,092 | 18.8 | 185,280 | -6.8 | -203 |
| 04/08 | 42,846 | 28.4 | 68,186 | 25.5 | 213,090 | 6.3 | -222 |
| 05/08 | 38,909 | 40.9 | 75,493 | 24.8 | 212,890 | 9.7 | 79 |
| 06/08 | 37,787 | 40.5 | 81,564 | 20.3 | 219,540 | 9.1 | -223 |
| 07/08 | 39,630 | 17.9 | 63,740 | 5.2 | 275,770 | 35.6 | -177 |
| 08/08 | 37,403 | 27.7 | 62,410 | 0.7 | 211,742 | 4.1 | -718 |
| 09/08 | 39,203 | 17.9 | 64,828 | 5.5 | 236,283 | 16.1 | -605 |
| 10/08 | 30,617 | 2.8 | 67,850 | 13.4 | 218,669 | -1.3 | -200 |
| 11/08 | 32,520 | -8.3 | 72,385 | 12.9 | 229,830 | -2.6 | -246 |
| 12/08 | 34,527 | 1.0 | 61,059 | -10.4 | 263,440 | -25.5 | -330 |
| 01/09 | 32,654 | -11.3 | 47,236 | -1.6 | 162,185 | -8.7 | -175 |
| 02/09 | 46,824 | 22.6 | 58,190 | 9.3 | 190,599 | 17.6 | -1,294 |
| 03/09 | 52,080 | 46.0 | 61,722 | -6.6 | 216,083 | 16.6 | -1,905 |
| 04/09 | 57,005 | 33.0 | 60,788 | -10.8 | 223,764 | 5.0 | -2,762 |
| 05/09 | 53,458 | 37.4 | 65,556 | -13.2 | 241,143 | 13.3 | -1,979 |
| 06/09 | 55,290 | 46.3 | 83,269 | 2.1 | 273,984 | 24.8 | -4,557 |
| 07/09 | 58,080 | 46.6 | 77,511 | 21.6 | 258,593 | -6.2 | -4,874 |
| 08/09 | 49,680 | 32.8 | 76,683 | 22.9 | 256,142 | 21.0 | -3,751 |
| 09/09 | 64,550 | 64.7 | 85,427 | 31.8 | 258,789 | 9.5 | -4,228 |
| 10/09 | 45,470 | 48.5 | 83,876 | 23.6 | 270,793 | 23.8 | -2,083 |
| 11/09 | 51,070 | 57.0 | 86,781 | 19.9 | 279,135 | 21.5 | -2,788 |
| 12/09 | 62,160 | 80.0 | 88,248 | 44.5 | 418,677 | 58.9 | -3,460 |
| 01/10 | 46,622 | 42.8 | 62,833 | 33.0 | 263,683 | 62.6 | -4,629 |
| 02/10 | 49,384 | 5.5 | 61,509 | 5.7 | 198,672 | 4.2 | -2,703 |
| 03/10 | 59,013 | 13.3 | 79,724 | 29.2 | 269,051 | 24.5 | -3,317 |
| 04/10 | 55,327 | -2.9 | 88,074 | 44.9 | 276,705 | 23.7 | -3,895 |
| 05/10 | 51,897 | -2.9 | 91,056 | 38.9 | 272,108 | 12.8 | -3,721 |
| 06/10 | 47,173 | -14.7 | 101,552 | 22.0 | 296,921 | 8.4 | -3,514 |
| 07/10 | 51,278 | -11.7 | 97,591 | 25.9 | 291,906 | 12.9 | -3,054 |
| 08/10 | 44,610 | -10.2 | 99,575 | 29.9 | | | -3,739 |
| 09/10 | 52,600 | -18.5 | | | | | |

Source: China custom statistics * to date

In China, import volumes are declining for iron ore and coking coal, but levels remain high. We note that iron ore production is rising sharply.

## Table 12: Index data for resources (2)

| | Iron ore export in Australia | | | Coking coal export in Australia | | |
|---|---|---|---|---|---|---|
| | | To China | To Japan | | To China | To Japan |
| | ('000 tonne) | ('000 tonne) | ('000 tonne) | ('000 tonne) | ('000 tonne) | ('000 tonne) |
| CY2000 | 157,755 | 33,187 | 69,881 | 61,223 | - | 16,598 |
| CY2001 | 156,797 | 38,037 | 67,064 | 64,283 | - | 16,706 |
| CY2002 | 165,475 | 43,505 | 70,676 | 65,148 | - | 18,475 |
| CY2003 | 186,805 | 58,773 | 75,507 | 68,048 | - | 17,563 |
| CY2004 | 209,918 | 79,581 | 80,725 | 72,746 | - | 19,791 |
| CY2005 | 238,413 | 116,746 | 76,098 | 80,703 | - | 23,896 |
| CY2006 | 246,933 | 127,956 | 73,903 | 79,767 | - | 24,604 |
| CY2007 | 266,472 | 141,911 | 77,449 | 84,508 | - | 25,497 |
| CY2008 | 308,630 | 182,470 | 76,680 | 83,896 | - | 26,426 |
| CY2009 | 362,264 | 265,995 | 59,056 | 84,855 | 18,985 | 22,205 |
| CY2010* | 259,440 | 173,156 | 51,129 | 66,343 | 7,626 | 17,819 |
| 08/06 | 21,308 | 11,081 | 5,552 | 7,365 | - | 1,954 |
| 09/06 | 20,616 | 10,864 | 7,227 | 6,810 | - | 2,066 |
| 10/06 | 23,761 | 11,592 | 7,266 | 6,611 | - | 2,149 |
| 11/06 | 21,111 | 11,976 | 6,008 | 6,448 | - | 1,883 |
| 12/06 | 22,350 | 12,971 | 5,775 | 7,268 | - | 1,869 |
| 01/07 | 21,221 | 10,934 | 6,056 | 7,315 | - | 2,570 |
| 02/07 | 20,371 | 11,175 | 5,606 | 5,878 | - | 1,800 |
| 03/07 | 16,732 | 8,346 | 5,169 | 7,263 | - | 2,165 |
| 04/07 | 23,309 | 12,534 | 7,063 | 6,792 | - | 2,406 |
| 05/07 | 22,205 | 11,351 | 6,547 | 7,029 | - | 2,100 |
| 06/07 | 21,487 | 11,265 | 6,111 | 7,202 | - | 2,264 |
| 07/07 | 21,941 | 11,327 | 7,672 | 6,628 | - | 1,647 |
| 08/07 | 24,012 | 12,345 | 6,844 | 7,032 | - | 1,954 |
| 09/07 | 22,418 | 12,241 | 5,897 | 7,542 | - | 1,895 |
| 10/07 | 22,650 | 11,302 | 7,146 | 7,098 | - | 2,168 |
| 11/07 | 23,917 | 13,779 | 6,936 | 7,521 | - | 1,871 |
| 12/07 | 26,210 | 15,312 | 6,403 | 7,210 | - | 2,657 |
| 01/08 | 27,210 | 15,700 | 7,350 | 6,802 | - | 2,151 |
| 02/08 | 20,410 | 10,840 | 5,790 | 4,871 | - | 1,456 |
| 03/08 | 26,270 | 15,090 | 6,800 | 6,010 | - | 1,735 |
| 04/08 | 24,010 | 14,740 | 5,430 | 7,155 | - | 2,486 |
| 05/08 | 28,020 | 16,790 | 6,540 | 7,824 | - | 2,294 |
| 06/08 | 27,290 | 17,780 | 6,080 | 8,156 | - | 2,638 |
| 07/08 | 29,290 | 18,030 | 7,070 | 6,766 | - | 2,375 |
| 08/08 | 27,960 | 17,400 | 6,050 | 8,516 | - | 2,359 |
| 09/08 | 29,070 | 16,600 | 7,150 | 7,752 | - | 2,051 |
| 10/08 | 26,330 | 14,660 | 7,340 | 7,250 | - | 2,022 |
| 11/08 | 19,360 | 9,130 | 6,010 | 7,110 | - | 2,417 |
| 12/08 | 23,410 | 15,710 | 5,070 | 5,684 | - | 2,442 |
| 01/09 | 26,806 | 19,979 | 4,915 | 4,447 | 776 | 1,596 |
| 02/09 | 23,432 | 18,378 | 2,802 | 5,032 | 994 | 1,399 |
| 03/09 | 28,102 | 22,425 | 3,302 | 6,121 | 1,893 | 1,603 |
| 04/09 | 27,407 | 23,192 | 2,096 | 6,092 | 757 | 1,798 |
| 05/09 | 31,797 | 25,276 | 3,415 | 7,110 | 2,278 | 1,171 |
| 06/09 | 29,657 | 21,776 | 5,340 | 7,647 | 2,618 | 1,608 |
| 07/09 | 32,206 | 24,064 | 4,927 | 7,580 | 2,361 | 1,571 |
| 08/09 | 33,167 | 22,336 | 6,759 | 7,974 | 2,118 | 2,414 |
| 09/09 | 32,113 | 20,738 | 7,173 | 8,799 | 1,259 | 2,318 |
| 10/09 | 31,703 | 20,747 | 7,239 | 7,892 | 1,455 | 2,594 |
| 11/09 | 31,900 | 22,377 | 5,185 | 7,774 | 1,248 | 1,899 |
| 12/09 | 33,974 | 24,705 | 5,903 | 8,387 | 1,229 | 2,235 |
| 01/10 | 32,588 | 22,222 | 5,587 | 8,485 | 1,274 | 2,117 |
| 02/10 | 29,478 | 20,198 | 5,719 | 6,236 | 618 | 2,017 |
| 03/10 | 32,137 | 19,397 | 7,737 | 6,360 | 1,154 | 1,556 |
| 04/10 | 32,676 | 22,899 | 5,554 | 8,975 | 793 | 3,096 |
| 05/10 | 32,286 | 21,127 | 6,956 | 9,168 | 1,328 | 2,176 |
| 06/10 | 34,621 | 23,740 | 6,624 | 9,977 | 682 | 2,201 |
| 07/10 | 32,434 | 20,791 | 6,675 | 7,203 | 233 | 2,026 |
| 08/10 | 33,221 | 22,782 | 6,278 | 9,940 | 1,543 | 2,630 |

Source: ABS  * to date

Australian iron ore exports to China remain high, while coking coal exports are falling as China shifts to cheaper Mongolian products, although there was some recovery in August.

## Table 13: Major steel product price trends (1)

| | H-beam | | Bars | | Scrap | | Hot-rolled steel sheets | | Imported HR steel sheets | |
|---|---|---|---|---|---|---|---|---|---|---|
| (¥/tonne) | Tokyo | yoy price chg | Tokyo | yoy price chg | Tokyo | yoy price chg | Tokyo | yoy price chg | Korea | yoy price chg |
| CY2005 | 76,000 | 3,417 | 60,000 | 3,333 | 21,646 | -438 | 70,500 | 6,333 | 67,292 | 7,375 |
| CY2006 | 74,833 | -1,167 | 59,583 | -417 | 26,042 | 4,396 | 64,583 | -5,917 | 60,083 | -7,208 |
| CY2007 | 76,875 | 2,042 | 67,083 | 7,500 | 35,000 | 8,958 | 68,833 | 4,250 | 66,917 | 6,833 |
| CY2008 | 111,958 | 35,083 | 99,625 | 32,542 | 44,042 | 9,042 | 96,250 | 27,417 | 95,042 | 28,125 |
| CY2009 | 75,667 | -36,292 | 63,625 | -36,000 | 23,521 | -20,521 | 65,667 | -30,583 | 58,042 | -37,000 |
| CY2010* | 72,750 | -4,550 | 60,500 | -4,900 | 32,000 | 8,675 | 66,900 | 300 | 56,900 | -1,550 |
| 11/07 | 79,000 | 4,500 | 69,500 | 10,000 | 35,750 | 6,750 | 70,500 | 6,000 | 69,500 | 7,000 |
| 12/07 | 79,000 | 3,500 | 69,500 | 9,000 | 38,500 | 7,000 | 70,500 | 6,000 | 69,500 | 7,000 |
| 1/08 | 79,000 | 3,500 | 71,500 | 9,000 | 41,500 | 12,250 | 70,500 | 2,000 | 69,500 | 7,000 |
| 2/08 | 85,500 | 10,000 | 80,000 | 17,500 | 46,250 | 14,750 | 73,500 | 5,000 | 78,500 | 16,000 |
| 3/08 | 102,000 | 26,500 | 92,500 | 27,500 | 53,500 | 19,000 | 93,500 | 25,000 | 79,000 | 16,500 |
| 4/08 | 110,000 | 34,000 | 100,000 | 35,000 | 61,000 | 26,500 | 100,500 | 32,000 | 99,500 | 32,000 |
| 5/08 | 116,000 | 40,000 | 107,000 | 39,500 | 63,000 | 29,250 | 104,500 | 36,000 | 101,000 | 33,500 |
| 6/08 | 120,000 | 44,000 | 110,000 | 42,000 | 69,500 | 35,750 | 106,500 | 38,000 | 104,000 | 36,500 |
| 7/08 | 120,000 | 44,000 | 112,500 | 44,500 | 67,500 | 31,750 | 106,500 | 38,000 | 104,000 | 36,500 |
| 8/08 | 128,500 | 52,000 | 112,500 | 44,000 | 37,000 | 1,250 | 106,500 | 38,000 | 104,000 | 36,500 |
| 9/08 | 128,500 | 50,000 | 112,500 | 43,000 | 43,500 | 4,000 | 106,500 | 38,000 | 104,000 | 34,500 |
| 10/08 | 126,500 | 47,500 | 110,500 | 41,000 | 12,500 | -25,000 | 101,500 | 33,000 | 99,000 | 29,500 |
| 11/08 | 118,500 | 39,500 | 100,500 | 31,000 | 18,000 | -17,750 | 96,500 | 26,000 | 99,000 | 29,500 |
| 12/08 | 109,000 | 30,000 | 86,000 | 16,500 | 15,250 | -23,250 | 88,500 | 18,000 | 99,000 | 29,500 |
| 1/09 | 97,500 | 18,500 | 79,000 | 7,500 | 22,000 | -19,500 | 81,000 | 10,500 | 70,000 | 500 |
| 2/09 | 89,000 | 3,500 | 75,000 | -5,000 | 20,000 | -26,250 | 74,000 | 500 | 62,500 | -16,000 |
| 3/09 | 83,500 | -18,500 | 70,000 | -22,500 | 17,500 | -36,000 | 68,000 | -25,500 | 59,000 | -20,000 |
| 4/09 | 77,500 | -32,500 | 66,000 | -34,000 | 21,500 | -39,500 | 63,000 | -37,500 | 59,000 | -40,500 |
| 5/09 | 75,500 | -40,500 | 64,000 | -43,000 | 22,250 | -40,750 | 63,000 | -41,500 | 59,000 | -42,000 |
| 6/09 | 72,000 | -48,000 | 61,000 | -49,000 | 25,500 | -44,000 | 63,000 | -43,500 | 53,000 | -51,000 |
| 7/09 | 70,500 | -49,500 | 59,500 | -53,000 | 27,000 | -40,500 | 63,000 | -43,500 | 55,000 | -49,000 |
| 8/09 | 68,500 | -60,000 | 59,500 | -53,000 | 28,000 | -9,000 | 63,000 | -43,500 | 55,000 | -49,000 |
| 9/09 | 68,500 | -60,000 | 60,500 | -52,000 | 27,000 | -16,500 | 64,000 | -42,500 | 56,000 | -48,000 |
| 10/09 | 70,500 | -56,000 | 59,500 | -51,000 | 22,500 | 10,000 | 64,000 | -37,500 | 56,000 | -43,000 |
| 11/09 | 70,500 | -48,000 | 56,000 | -44,500 | 24,500 | 6,500 | 61,000 | -35,500 | 56,000 | -43,000 |
| 12/09 | 64,500 | -44,500 | 53,500 | -32,500 | 24,500 | 9,250 | 61,000 | -27,500 | 56,000 | -43,000 |
| 1/10 | 61,000 | -36,500 | 52,000 | -27,000 | 28,500 | 6,500 | 60,000 | -21,000 | 53,000 | -17,000 |
| 2/10 | 61,000 | -28,000 | 53,500 | -21,500 | 32,500 | 12,500 | 60,000 | -14,000 | 53,000 | -9,500 |
| 3/10 | 64,000 | -19,500 | 60,000 | -10,000 | 38,000 | 20,500 | 64,000 | -4,000 | 53,000 | -6,000 |
| 4/10 | 75,500 | -2,000 | 65,000 | -1,000 | 38,000 | 16,500 | 71,000 | 8,000 | 56,000 | -3,000 |
| 5/10 | 82,000 | 6,500 | 66,000 | 2,000 | 35,500 | 13,250 | 72,000 | 9,000 | 56,000 | -3,000 |
| 6/10 | 83,000 | 11,000 | 66,000 | 5,000 | 29,000 | 3,500 | 72,000 | 9,000 | 60,000 | 7,000 |
| 7/10 | 79,000 | 8,500 | 64,000 | 4,500 | 28,500 | 1,500 | 70,000 | 7,000 | 60,000 | 5,000 |
| 8/10 | 74,000 | 5,500 | 60,000 | 500 | 31,500 | 3,500 | 68,000 | 5,000 | 62,000 | 7,000 |
| 9/10 | 74,000 | 5,500 | 60,000 | -500 | 30,500 | 3,500 | 66,000 | 2,000 | 58,000 | 2,000 |
| 10/10 | 74,000 | 3,500 | 58,500 | -1,000 | 28,000 | 5,500 | 66,000 | 2,000 | 58,000 | 2,000 |

Source: Nikkei * to date

Domestic demand for long products remains weak, and prices for ferrous scrap are falling, so prices are likely to be weak going forward.

## Table 14: Major steel product price trends (2)

| | Cold-rolled steel sheets | | Galvanized sheet | | Heavy and medium plates | | All steel export price ($/tonne) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (¥/tonne) | Tokyo | yoy | Tokyo | yoy | Tokyo | yoy | US$ | yoy | Yen | yoy |
| CY2005 | 90,750 | 18,500 | 104,958 | 18,167 | 75,250 | 7,750 | 911 | 200 | 99,250 | 22,333 |
| CY2006 | 81,583 | -9,167 | 97,667 | -7,292 | 69,583 | -5,667 | 910 | -0 | 104,500 | 5,250 |
| CY2007 | 81,500 | -83 | 97,500 | -167 | 72,833 | 3,250 | 993 | 82 | 115,367 | 10,867 |
| CY2008 | 105,750 | 24,250 | 118,292 | 20,792 | 100,000 | 27,167 | 1,217 | 225 | 126,386 | 11,019 |
| CY2009 | 80,667 | -25,083 | 99,083 | -19,208 | 69,750 | -30,250 | 1,000 | -217 | 93,443 | -32,943 |
| CY2010* | 85,900 | 4,500 | 103,500 | 4,200 | 70,600 | -100 | 998 | -54 | 90,291 | -9,282 |
| 9/07 | 81,500 | 0 | 97,500 | 0 | 72,500 | 3,000 | 1,001 | 67 | 114,000 | 7,000 |
| 10/07 | 81,500 | 0 | 97,500 | 0 | 72,500 | 3,000 | 1,010 | 42 | 117,000 | 4,000 |
| 11/07 | 81,500 | 0 | 97,500 | 0 | 74,500 | 5,000 | 1,023 | 74 | 116,307 | 6,307 |
| 12/07 | 81,500 | 0 | 97,500 | 0 | 74,500 | 5,000 | 1,023 | 49 | 113,094 | 2,094 |
| 1/08 | 81,500 | 0 | 97,500 | 0 | 74,500 | 2,000 | 985 | 62 | 108,411 | 411 |
| 2/08 | 81,500 | 0 | 97,500 | 0 | 77,500 | 5,000 | 1,003 | 25 | 107,286 | -7,714 |
| 3/08 | 100,500 | 19,000 | 107,500 | 10,000 | 95,500 | 23,000 | 1,058 | 45 | 110,348 | -7,652 |
| 4/08 | 106,500 | 25,000 | 121,000 | 23,500 | 101,500 | 29,000 | 1,124 | 135 | 113,152 | 152 |
| 5/08 | 112,500 | 31,000 | 125,500 | 28,000 | 107,500 | 35,000 | 1,166 | 190 | 121,258 | 8,258 |
| 6/08 | 114,500 | 33,000 | 125,500 | 28,000 | 110,500 | 38,000 | 1,195 | 193 | 125,740 | 6,740 |
| 7/08 | 114,500 | 33,000 | 125,500 | 28,000 | 110,500 | 38,000 | 1,277 | 291 | 136,568 | 15,568 |
| 8/08 | 114,500 | 33,000 | 125,500 | 28,000 | 110,500 | 38,000 | 1,279 | 291 | 138,469 | 21,469 |
| 9/08 | 114,500 | 33,000 | 125,500 | 28,000 | 110,500 | 38,000 | 1,206 | 205 | 130,657 | 16,657 |
| 10/08 | 114,500 | 33,000 | 125,500 | 28,000 | 106,500 | 34,000 | 1,428 | 418 | 148,175 | 31,175 |
| 11/08 | 110,500 | 29,000 | 123,500 | 26,000 | 101,500 | 27,000 | 1,463 | 440 | 143,248 | 26,941 |
| 12/08 | 103,500 | 22,000 | 119,500 | 22,000 | 93,500 | 19,000 | 1,424 | 401 | 133,319 | 20,225 |
| 1/09 | 98,000 | 16,500 | 113,000 | 15,500 | 86,000 | 11,500 | 1,407 | 422 | 127,651 | 19,240 |
| 2/09 | 92,000 | 10,500 | 107,000 | 9,500 | 78,000 | 500 | 1,281 | 278 | 115,404 | 8,118 |
| 3/09 | 83,000 | -17,500 | 100,000 | -7,500 | 72,000 | -23,500 | 1,132 | 73 | 109,243 | -1,105 |
| 4/09 | 77,000 | -29,500 | 95,000 | -26,000 | 67,000 | -34,500 | 1,040 | -84 | 102,881 | -10,270 |
| 5/09 | 77,000 | -35,500 | 95,000 | -30,500 | 67,000 | -40,500 | 949 | -217 | 92,700 | -28,558 |
| 6/09 | 77,000 | -37,500 | 95,000 | -30,500 | 67,000 | -43,500 | 912 | -282 | 87,772 | -37,969 |
| 7/09 | 77,000 | -37,500 | 95,000 | -30,500 | 67,000 | -43,500 | 878 | -399 | 83,450 | -53,118 |
| 8/09 | 77,000 | -37,500 | 95,000 | -30,500 | 67,000 | -43,500 | 816 | -463 | 77,482 | -60,988 |
| 9/09 | 78,000 | -36,500 | 99,000 | -26,500 | 68,000 | -42,500 | 862 | -344 | 80,180 | -50,477 |
| 10/09 | 78,000 | -36,500 | 99,000 | -26,500 | 68,000 | -38,500 | 919 | -509 | 82,730 | -65,445 |
| 11/09 | 77,000 | -33,500 | 98,000 | -25,500 | 65,000 | -36,500 | 906 | -557 | 82,039 | -61,209 |
| 12/09 | 77,000 | -26,500 | 98,000 | -21,500 | 65,000 | -28,500 | 903 | -521 | 79,780 | -53,539 |
| 1/10 | 77,000 | -21,000 | 98,000 | -15,000 | 64,000 | -22,000 | 895 | -512 | 82,090 | -45,561 |
| 2/10 | 77,000 | -15,000 | 98,000 | -9,000 | 64,000 | -14,000 | 921 | -360 | 83,059 | -32,345 |
| 3/10 | 83,000 | 0 | 99,000 | -1,000 | 67,000 | -5,000 | 921 | -211 | 82,958 | -26,284 |
| 4/10 | 88,000 | 11,000 | 104,000 | 9,000 | 75,000 | 8,000 | 994 | -45 | 92,049 | -10,833 |
| 5/10 | 89,000 | 12,000 | 106,000 | 11,000 | 76,000 | 9,000 | 1,022 | 74 | 95,043 | 2,343 |
| 6/10 | 89,000 | 12,000 | 106,000 | 11,000 | 76,000 | 9,000 | 1,040 | 128 | 95,004 | 7,232 |
| 7/10 | 89,000 | 12,000 | 106,000 | 11,000 | 74,000 | 7,000 | 1,122 | 244 | 99,908 | 16,457 |
| 8/10 | 89,000 | 12,000 | 106,000 | 11,000 | 72,000 | 5,000 | 1,068 | 252 | 92,215 | 14,733 |
| 9/10 | 89,000 | 11,000 | 106,000 | 7,000 | 69,000 | 1,000 | | | | |
| 10/10 | 89,000 | 11,000 | 106,000 | 7,000 | 69,000 | 1,000 | | | | |

Source: Nikkei , The Japan Iron and Steel Federation * to date

In Q1–Q2, costs for the main steelmaking raw materials rose a cumulative ¥18,000–¥19,000/tonne. However, the average selling price at the blast furnace firms has only risen ¥14,000–¥15,000/tonne. In Q3, costs for the main raw materials are to fall by nearly ¥4,000/tonne, but the blast furnace firms do not intend to reduce prices, citing margin deterioration in Q2. However, blast furnace firms' products are expensive relative to imported products and electric furnace operators' products.

## Table 15: Major steel product price trends (3): Export steel unit prices

| | Hot rolled sheets | | | Cold rolled sheets | | Plate | |
|---|---|---|---|---|---|---|---|
| | | For Korea | For China | | For China | | For Korea |
| | ( $/tonne) | ( $/tonne) | ( $/tonne) | ( $/tonne) | ( $/tonne) | ( $/tonne) | ( $/tonne) |
| CY2005 | 574 | 583 | 565 | 743 | 733 | 738 | 728 |
| CY2006 | 504 | 505 | 454 | 644 | 632 | 702 | 686 |
| CY2007 | 544 | 527 | 553 | 687 | 666 | 712 | 697 |
| CY2008 | 784 | 789 | 760 | 893 | 848 | 1,027 | 1,029 |
| CY2009 | 552 | 555 | 537 | 723 | 687 | 886 | 913 |
| CY2010* | 642 | 647 | 662 | 807 | 800 | 716 | 716 |
| 09/07 | 554 | 538 | 568 | 699 | 683 | 733 | 714 |
| 10/07 | 548 | 534 | 559 | 693 | 673 | 741 | 713 |
| 11/07 | 555 | 545 | 591 | 700 | 682 | 761 | 733 |
| 12/07 | 564 | 545 | 572 | 702 | 684 | 746 | 726 |
| 01/08 | 571 | 557 | 606 | 717 | 682 | 770 | 740 |
| 02/08 | 577 | 553 | 597 | 715 | 690 | 760 | 739 |
| 03/08 | 601 | 576 | 629 | 735 | 708 | 809 | 751 |
| 04/08 | 640 | 637 | 641 | 755 | 714 | 867 | 889 |
| 05/08 | 706 | 701 | 666 | 814 | 804 | 962 | 979 |
| 06/08 | 748 | 752 | 719 | 847 | 828 | 965 | 982 |
| 07/08 | 831 | 829 | 781 | 942 | 913 | 990 | 1,001 |
| 08/08 | 910 | 935 | 808 | 990 | 873 | 1,040 | 1,022 |
| 09/08 | 969 | 1,013 | 832 | 1,022 | 962 | 1,078 | 1,026 |
| 10/08 | 991 | 1,035 | 956 | 1,072 | 1,014 | 1,246 | 1,263 |
| 11/08 | 959 | 961 | 945 | 1,055 | 978 | 1,403 | 1,453 |
| 12/08 | 908 | 917 | 939 | 1,058 | 1,004 | 1,436 | 1,504 |
| 01/09 | 777 | 767 | 800 | 1,021 | 888 | 1,435 | 1,521 |
| 02/09 | 661 | 647 | 541 | 930 | 840 | 1,401 | 1,487 |
| 03/09 | 570 | 584 | 523 | 783 | 716 | 1,123 | 1,234 |
| 04/09 | 526 | 538 | 539 | 688 | 645 | 921 | 955 |
| 05/09 | 497 | 504 | 486 | 678 | 671 | 849 | 843 |
| 06/09 | 482 | 486 | 468 | 617 | 614 | 755 | 744 |
| 07/09 | 477 | 497 | 444 | 610 | 607 | 722 | 742 |
| 08/09 | 471 | 495 | 472 | 604 | 598 | 678 | 705 |
| 09/09 | 512 | 507 | 488 | 638 | 613 | 686 | 700 |
| 10/09 | 535 | 528 | 535 | 685 | 671 | 688 | 677 |
| 11/09 | 561 | 549 | 591 | 710 | 687 | 690 | 675 |
| 12/09 | 559 | 554 | 558 | 713 | 691 | 684 | 679 |
| 01/10 | 566 | 555 | 601 | 709 | 691 | 669 | 671 |
| 02/10 | 563 | 563 | 577 | 736 | 730 | 671 | 684 |
| 03/10 | 578 | 570 | 598 | 747 | 746 | 677 | 687 |
| 04/10 | 602 | 602 | 619 | 774 | 769 | 682 | 691 |
| 05/10 | 662 | 677 | 692 | 834 | 828 | 700 | 698 |
| 06/10 | 712 | 737 | 701 | 870 | 866 | 741 | 713 |
| 07/10 | 732 | 748 | 751 | 904 | 895 | 787 | 775 |
| 08/10 | 719 | 724 | 758 | 883 | 877 | 803 | 809 |

Source: The Japan Iron and Steel Federation * to date

Japan’s export prices adjusted in August. We expect prices to remain weak through October in response to falling international prices. There could be a slight recovery from November, but supply overhang has not been resolved.

### Table 16: Major steel product price trends (4): Export steel unit prices

| | Electrical sheet | | Galvanized sheets | | | Sections | Rebar | Seamless tube |
|---|---|---|---|---|---|---|---|---|
| | | For China | | For Korea | For China | | | |
| | ( $/tonne) | ( $/tonne) | ( $/tonne) | ( $/tonne) | ( $/tonne) | ( $/tonne) | ( $/tonne) | ( $/tonne) |
| CY2005 | 1,266 | 1,267 | 774 | 785 | 811 | 614 | 444 | 1,342 |
| CY2006 | 1,603 | 1,557 | 740 | 726 | 768 | 599 | 445 | 1,593 |
| CY2007 | 1,815 | 1,648 | 763 | 733 | 786 | 665 | 549 | 1,813 |
| CY2008 | 2,121 | 2,025 | 955 | 887 | 976 | 977 | 804 | 1,894 |
| CY2009 | 2,751 | 2,912 | 864 | 882 | 927 | 775 | 542 | 1,894 |
| CY2010* | 1,771 | 1,555 | 869 | 821 | 903 | 706 | 629 | 1,484 |
| 09/07 | 1,728 | 1,563 | 778 | 747 | 799 | 682 | 598 | 1,705 |
| 10/07 | 1,895 | 1,617 | 767 | 736 | 792 | 699 | 590 | 1,815 |
| 11/07 | 1,973 | 1,868 | 777 | 668 | 805 | 707 | 614 | 1,781 |
| 12/07 | 1,848 | 1,603 | 777 | 744 | 795 | 722 | 622 | 1,893 |
| 01/08 | 1,746 | 1,603 | 784 | 752 | 801 | 722 | 606 | 1,788 |
| 02/08 | 1,821 | 1,599 | 796 | 770 | 807 | 727 | 644 | 1,702 |
| 03/08 | 2,193 | 2,088 | 820 | 783 | 821 | 772 | 691 | 1,717 |
| 04/08 | 1,920 | 1,711 | 829 | 792 | 837 | 791 | 745 | 1,812 |
| 05/08 | 1,887 | 1,711 | 872 | 769 | 869 | 879 | 823 | 1,858 |
| 06/08 | 2,211 | 2,045 | 918 | 799 | 932 | 955 | 892 | 1,856 |
| 07/08 | 2,195 | 2,076 | 980 | 835 | 1,005 | 1,020 | 971 | 1,889 |
| 08/08 | 2,213 | 2,036 | 1,029 | 885 | 1,065 | 1,116 | 999 | 1,868 |
| 09/08 | 2,407 | 2,413 | 1,092 | 1,014 | 1,102 | 1,161 | 954 | 1,906 |
| 10/08 | 2,135 | 2,110 | 1,118 | 1,066 | 1,142 | 1,166 | 874 | 2,013 |
| 11/08 | 2,235 | 2,179 | 1,109 | 1,073 | 1,165 | 1,210 | 647 | 2,048 |
| 12/08 | 2,492 | 2,727 | 1,106 | 1,102 | 1,163 | 1,200 | 795 | 2,267 |
| 01/09 | 2,857 | 2,961 | 1,051 | 1,077 | 1,123 | 1,282 | 541 | 2,290 |
| 02/09 | 3,158 | 3,646 | 1,019 | 1,005 | 1,070 | 1,011 | 485 | 2,174 |
| 03/09 | 2,938 | 3,265 | 954 | 1,054 | 1,023 | 887 | 509 | 2,077 |
| 04/09 | 2,904 | 3,715 | 900 | 963 | 1,210 | 856 | 454 | 1,987 |
| 05/09 | 3,252 | 3,533 | 840 | 874 | 933 | 712 | 473 | 2,081 |
| 06/09 | 2,988 | 2,679 | 867 | 878 | 929 | 638 | 547 | 2,008 |
| 07/09 | 2,960 | 3,566 | 807 | 825 | 840 | 635 | 611 | 2,090 |
| 08/09 | 2,570 | 2,561 | 776 | 818 | 817 | 611 | 532 | 1,706 |
| 09/09 | 2,699 | 2,860 | 779 | 777 | 798 | 644 | 604 | 1,661 |
| 10/09 | 2,433 | 2,199 | 791 | 763 | 793 | 673 | 612 | 1,652 |
| 11/09 | 2,344 | 2,173 | 787 | 779 | 790 | 671 | 552 | 1,561 |
| 12/09 | 1,910 | 1,792 | 792 | 776 | 798 | 674 | 580 | 1,441 |
| 01/10 | 1,955 | 1,725 | 798 | 776 | 798 | 651 | 543 | 1,427 |
| 02/10 | 1,787 | 1,464 | 813 | 804 | 818 | 653 | 549 | 1,538 |
| 03/10 | 1,742 | 1,488 | 822 | 795 | 853 | 645 | 609 | 1,468 |
| 04/10 | 1,612 | 1,320 | 836 | 790 | 868 | 691 | 610 | 1,467 |
| 05/10 | 1,607 | 1,457 | 878 | 804 | 908 | 728 | 640 | 1,421 |
| 06/10 | 1,820 | 1,695 | 897 | 805 | 946 | 768 | 703 | 1,462 |
| 07/10 | 1,764 | 1,603 | 945 | 863 | 1,014 | 760 | 762 | 1,473 |
| 08/10 | 1,882 | 1,690 | 963 | 933 | 1,017 | 756 | 612 | 1,614 |

Source: The Japan Iron and Steel Federation * to date

Japanese manufacturers have particular strengths in categories such as electromagnetic steel sheet and seamless pipe, but prices are fluctuating alongside the impact from higher production by China. We believe price hikes for high-grade seamless pipe have penetrated, and that the rise could come in H2. However, international supply-demand is weakening slightly, and the target price may not be achieved.

## Table 17: Major steel product price trends (5) (stainless steel: ¥'000/tonne, import price: US$/tonne)

| | Specialty steel production | | Stainless steel orders | | Stainless wholesales | | Stainless steel price | | SE Asia stainless import | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Production | yoy (%) | Tot. orders | yoy (%) | Inventories | yoy (%) | Tokyo | yoy price chg | Price (US$/tonne) | yoy price chg |
| CY2005 | 20,358 | 2.6 | 1,680 | -4.7 | 112 | 11.2 | 304 | 11 | 2,388 | 163 |
| CY2006 | 20,976 | 3.0 | 1,992 | 18.6 | 105 | -6.4 | 365 | 61 | 3,092 | 704 |
| CY2007 | 21,506 | 2.5 | 1,859 | -6.7 | 122 | 15.8 | 608 | 243 | 4,350 | 1,258 |
| CY2008 | 21,778 | 1.3 | 1,611 | -13.3 | 122 | 0.1 | 483 | -125 | 3,929 | -421 |
| CY2009 | 13,269 | -39.1 | 1,278 | -20.7 | 92 | -24.9 | 303 | -180 | 2,366 | -1,563 |
| CY2010* | 15,110 | 73.6 | 1,078 | 40.5 | 93 | -1.4 | 338 | 36 | 2,993 | 669 |
| 9/07 | 1,728 | -2.8 | 140 | -20.1 | 136 | 35.6 | 655 | 255 | 3,800 | 100 |
| 10/07 | 1,790 | -3.3 | 146 | -12.9 | 132 | 28.5 | 615 | 170 | 3,800 | -300 |
| 11/07 | 1,873 | 7.5 | 166 | 1.6 | 128 | 23.0 | 615 | 140 | 3,900 | -350 |
| 12/07 | 1,803 | 1.5 | 154 | -6.8 | 127 | 19.8 | 575 | 45 | 3,900 | -350 |
| 1/08 | 1,887 | 3.1 | 144 | -14.2 | 127 | 18.1 | 545 | 5 | 3,650 | -500 |
| 2/08 | 1,861 | 7.1 | 156 | -6.0 | 125 | 15.3 | 545 | -15 | 3,750 | -400 |
| 3/08 | 2,009 | 3.4 | 160 | -1.0 | 122 | 11.1 | 510 | -70 | 4,000 | -300 |
| 4/08 | 1,866 | 7.0 | 155 | -5.6 | 123 | 8.3 | 510 | -90 | 4,150 | -850 |
| 5/08 | 1,893 | 5.5 | 151 | -8.8 | 122 | 3.0 | 520 | -100 | 4,300 | -700 |
| 6/08 | 1,869 | 5.6 | 149 | -2.2 | 123 | 0.4 | 505 | -135 | 3,900 | -1,100 |
| 7/08 | 1,936 | 8.1 | 147 | 6.5 | 123 | -1.6 | 500 | -140 | 3,900 | -1,200 |
| 8/08 | 1,749 | 2.7 | 134 | -2.0 | 124 | -6.3 | 475 | -180 | 3,900 | -200 |
| 9/08 | 1,892 | 9.5 | 134 | -4.3 | 123 | -9.5 | 455 | -200 | 3,900 | 100 |
| 10/08 | 1,891 | 5.7 | 110 | -24.5 | 119 | -9.9 | 445 | -170 | 3,900 | 100 |
| 11/08 | 1,625 | -13.3 | 99 | -40.4 | 116 | -9.5 | 405 | -210 | 3,900 | 0 |
| 12/08 | 1,301 | -27.8 | 72 | -53.3 | 115 | -9.3 | 380 | -195 | 3,900 | 0 |
| 1/09 | 960 | -49.1 | 66 | -54.5 | 112 | -11.6 | 360 | -185 | 2,190 | -1,460 |
| 2/09 | 697 | -62.5 | 58 | -63.1 | 107 | -13.9 | 320 | -225 | 2,100 | -1,650 |
| 3/09 | 710 | -64.6 | 68 | -57.5 | 102 | -16.4 | 290 | -220 | 1,950 | -2,050 |
| 4/09 | 751 | -59.7 | 86 | -44.1 | 95 | -22.8 | 285 | -225 | 1,920 | -2,230 |
| 5/09 | 863 | -54.4 | 100 | -34.1 | 90 | -26.4 | 285 | -235 | 1,980 | -2,320 |
| 6/09 | 1,018 | -45.5 | 119 | -19.9 | 86 | -29.6 | 285 | -220 | 2,130 | -1,770 |
| 7/09 | 1,153 | -40.4 | 132 | -9.9 | 83 | -32.5 | 285 | -215 | 2,500 | -1,400 |
| 8/09 | 1,231 | -29.6 | 138 | 3.5 | 81 | -34.9 | 295 | -180 | 3,000 | -900 |
| 9/09 | 1,321 | -30.2 | 130 | -3.1 | 80 | -34.8 | 305 | -150 | 2,820 | -1,080 |
| 10/09 | 1,446 | -23.5 | 130 | 17.4 | 84 | -29.5 | 310 | -135 | 2,650 | -1,250 |
| 11/09 | 1,531 | -5.8 | 123 | 24.9 | 87 | -25.4 | 310 | -95 | 2,600 | -1,300 |
| 12/09 | 1,587 | 21.9 | 128 | 77.5 | 91 | -20.8 | 310 | -70 | 2,550 | -1,350 |
| 1/10 | 1,558 | 62.4 | 136 | 107.1 | 93 | -17.2 | 310 | -50 | 2,850 | 660 |
| 2/10 | 1,502 | 115.4 | 132 | 129.2 | 91 | -15.6 | 300 | -20 | 2,840 | 740 |
| 3/10 | 1,762 | 148.1 | 142 | 108.4 | 84 | -17.3 | 300 | 10 | 3,100 | 1,150 |
| 4/10 | 1,613 | 114.8 | 151 | 74.8 | 89 | -6.4 | 320 | 35 | 3,200 | 1,280 |
| 5/10 | 1,716 | 98.8 | 139 | 39.3 | 93 | 3.7 | 350 | 65 | 3,130 | 1,150 |
| 6/10 | 1,765 | 73.4 | 132 | 10.3 | 97 | 12.1 | 360 | 75 | 2,700 | 570 |
| 7/10 | 1,750 | 51.7 | 117 | -11.7 | 99 | 19.4 | 360 | 75 | 2,890 | 390 |
| 8/10 | 1,669 | 35.5 | 130 | -6.1 | 101 | 24.3 | 360 | 65 | 3,000 | 0 |
| 9/10 | 1,774 | 34.3 | | | | | 360 | 55 | 3,060 | 240 |
| 10/10 | | | | | | | 360 | 50 | 3,160 | 510 |

Source: The Japan Iron and Steel Federation, All Japan Stainless Steel Distributors Association, Japan Stainless Steel Association, Metal Bulletin *to date

Speciality steel is likely to be impacted by domestic automobile production cuts, but the level should remain high because of high KD output. Stainless steel demand is at a high level, but prices are likely to be shaped by fluctuations in prices for nickel, a base material.

## Table 18: US steel market

| | US west coast market | | | | | US import price | | | |
|---|---|---|---|---|---|---|---|---|---|
| ($/net tonne) | HR steel sheet | CR steel sheet | Sections (A) | Scrap (B) | Margin (A-B) | HR steel sheet | CR steel sheet | Coated sheets | Sections |
| CY2005 | 541 | 635 | 545 | 192 | 353 | 533 | 634 | 723 | 571 |
| CY2006 | 580 | 671 | 628 | 218 | 411 | 559 | 656 | 783 | 682 |
| CY2007 | 527 | 614 | 731 | 252 | 480 | 544 | 628 | 800 | 726 |
| CY2008 | 843 | 931 | 961 | 398 | 581 | 877 | 961 | 867 | 941 |
| CY2009 | 491 | 572 | 744 | 207 | 537 | 444 | 544 | 648 | 693 |
| CY2010* | 637 | 743 | 743 | 325 | 417 | 573 | 674 | 760 | 717 |
| 7/07 | 516 | 603 | 747 | 239 | 508 | 540 | 600 | 800 | 740 |
| 8/07 | 508 | 593 | 740 | 254 | 486 | 540 | 600 | 800 | 740 |
| 9/07 | 513 | 598 | 757 | 263 | 494 | 520 | 600 | 800 | 750 |
| 10/07 | 520 | 607 | 769 | 261 | 508 | 520 | 610 | 800 | 750 |
| 11/07 | 532 | 613 | 770 | 245 | 525 | 520 | 610 | 800 | 750 |
| 12/07 | 544 | 624 | 769 | 264 | 505 | 520 | 610 | 800 | 750 |
| 1/08 | 579 | 659 | 775 | 309 | 466 | 520 | 610 | 820 | 750 |
| 2/08 | 665 | 752 | 832 | 324 | 508 | 700 | 780 | 820 | 850 |
| 3/08 | 740 | 805 | 858 | 345 | 513 | 820 | 890 | 820 | 850 |
| 4/08 | 850 | 929 | 928 | 502 | 426 | 850 | 930 | 820 | 890 |
| 5/08 | 1020 | 1103 | 968 | 517 | 451 | 1050 | 1150 | 820 | 930 |
| 6/08 | 1052 | 1143 | 1039 | 502 | 537 | 1100 | 1180 | 820 | 1070 |
| 7/08 | 1068 | 1153 | 1055 | 519 | 536 | 1110 | 1200 | 820 | 1100 |
| 8/08 | 1047 | 1150 | 1116 | 457 | 659 | 1110 | 1200 | 820 | 1100 |
| 9/08 | 983 | 1064 | 1110 | 312 | 798 | 930 | 1010 | 1050 | 1020 |
| 10/08 | 854 | 961 | 1060 | 196 | 864 | 930 | 1010 | 1050 | 1000 |
| 11/08 | 686 | 782 | 912 | 400 | 512 | 760 | 850 | 970 | 910 |
| 12/08 | 566 | 667 | 875 | 169 | 706 | 640 | 720 | 775 | 820 |
| 1/09 | 509 | 607 | 844 | 202 | 642 | 470 | 570 | 670 | 800 |
| 2/09 | 510 | 580 | 850 | 187 | 663 | 470 | 570 | 670 | 800 |
| 3/09 | 462 | 570 | 850 | 162 | 688 | 460 | 550 | 630 | 750 |
| 4/09 | 419 | 520 | 770 | 144 | 626 | 400 | 480 | 630 | 720 |
| 5/09 | 386 | 480 | 690 | 178 | 512 | 370 | 450 | 630 | 660 |
| 6/09 | 388 | 460 | 700 | 186 | 514 | 330 | 420 | 630 | 650 |
| 7/09 | 489 | 540 | 700 | 221 | 479 | 330 | 420 | 630 | 650 |
| 8/09 | 526 | 540 | 700 | 242 | 458 | 460 | 560 | 630 | 640 |
| 9/09 | 587 | 620 | 700 | 256 | 444 | 550 | 670 | 630 | 660 |
| 10/09 | 565 | 690 | 700 | 241 | 459 | 550 | 670 | 630 | 660 |
| 11/09 | 520 | 660 | 700 | 217 | 483 | 480 | 600 | 700 | 660 |
| 12/09 | 529 | 595 | 725 | 255 | 470 | 460 | 570 | 690 | 660 |
| 1/10 | 590 | 655 | 720 | 294 | 426 | 500 | 610 | 690 | 660 |
| 2/10 | 603 | 715 | 720 | 302 | 418 | 540 | 640 | 690 | 670 |
| 3/10 | 653 | 750 | 720 | 344 | 376 | 570 | 670 | 690 | 700 |
| 4/10 | 690 | 804 | 770 | 373 | 397 | 610 | 720 | 800 | 710 |
| 5/10 | 708 | 818 | 770 | 347 | 423 | 640 | 740 | 850 | 740 |
| 6/10 | 667 | 793 | 770 | 320 | 450 | 640 | 740 | 850 | 740 |
| 7/10 | 606 | 715 | 745 | 300 | 446 | 620 | 720 | 820 | 760 |
| 8/10 | 579 | 690 | 725 | 322 | 403 | 540 | 630 | 740 | 730 |
| 9/10 | | | | | | 540 | 630 | 740 | 730 |
| 10/10 | | | | | | 530 | 640 | 730 | 730 |

Source: Metal Bulletin, CBA, The Japan Iron and Steel Federation *to date

Conditions may remain difficult in the US steel product market, despite manufacturers announcing price hikes, since prices of ferrous scrap, a raw material, are falling.

## Table 19: Europe and China price trends (US$/metric tonne)

| (China: $/metric Europe: €/tonne) | European domestic price average | | | China steel import price | | |
|---|---|---|---|---|---|---|
| | HR steel sheet | CR steel sheet | Coated sheets | HR steel sheet | CR steel sheet | Coated sheets |
| CY2005 | 437 | 539 | 542 | 548 | 665 | 788 |
| CY2006 | 465 | 555 | 624 | NA | NA | NA |
| CY2007 | 498 | 586 | 625 | 540 | 592 | 760 |
| CY2008 | 649 | 726 | 752 | 790 | 931 | 988 |
| CY2009 | 418 | 478 | 547 | 495 | 535 | 672 |
| CY2010* | 555 | 623 | 733 | 594 | 560 | 570 |
| 10/07 | 495 | 583 | 595 | 552 | 610 | 760 |
| 11/07 | 493 | 578 | 590 | 570 | 610 | 760 |
| 12/07 | 488 | 573 | 573 | 590 | 625 | 760 |
| 1/08 | 488 | 570 | 570 | 670 | 625 | 760 |
| 2/08 | 525 | 590 | 598 | 680 | 825 | 850 |
| 3/08 | 568 | 640 | 638 | 825 | 835 | 860 |
| 4/08 | 630 | 685 | 698 | 825 | 970 | 1,050 |
| 5/08 | 670 | 723 | 748 | 900 | 990 | 1,050 |
| 6/08 | 695 | 780 | 790 | 900 | 990 | 1,050 |
| 7/08 | 740 | 835 | 870 | 1010 | 990 | 1,050 |
| 8/08 | 798 | 843 | 880 | 1000 | 990 | 1,050 |
| 9/08 | 750 | 818 | 850 | 850 | 990 | 1,050 |
| 10/08 | 728 | 783 | 825 | 800 | 990 | 1,050 |
| 11/08 | 650 | 760 | 818 | 550 | 990 | 1,050 |
| 12/08 | 543 | 685 | 743 | 470 | 990 | 990 |
| 1/09 | 495 | 555 | 595 | 500 | 500 | 1,050 |
| 2/09 | 472 | 535 | 575 | 570 | 555 | 1,050 |
| 3/09 | 420 | 483 | 520 | 490 | 490 | 620 |
| 4/09 | 359 | 433 | 475 | 480 | 450 | 500 |
| 5/09 | 372 | 439 | 498 | 440 | 450 | 500 |
| 6/09 | 389 | 452 | 505 | 490 | 520 | 640 |
| 7/09 | 408 | 468 | 530 | 500 | 530 | 640 |
| 8/09 | 440 | 495 | 575 | 540 | 600 | 640 |
| 9/09 | 441 | 481 | 593 | 520 | 600 | 640 |
| 10/09 | 420 | 469 | 580 | 460 | 600 | 640 |
| 11/09 | 397 | 464 | 565 | 460 | 560 | 570 |
| 12/09 | 406 | 461 | 555 | 490 | 560 | 570 |
| 1/10 | 432 | 493 | 575 | 545 | 560 | 570 |
| 2/10 | 461 | 509 | 633 | 530 | 560 | 570 |
| 3/10 | 489 | 542 | 690 | 575 | 560 | 570 |
| 4/10 | 597 | 665 | 740 | 665 | 560 | 570 |
| 5/10 | 631 | 708 | 825 | 665 | 560 | 570 |
| 6/10 | 641 | 725 | 825 | 600 | 560 | 570 |
| 7/10 | 590 | 667 | 765 | 570 | 560 | 570 |
| 8/10 | 564 | 647 | 760 | 595 | 560 | 570 |
| 9/10 | 589 | 655 | 780 | 610 | 560 | 570 |
| 10/10 | | | | 580 | 560 | 570 |

Source: CRU, The Japan Iron and Steel Federation * to date

Partly reflecting Euro weakness, capacity utilisation at major steelmakers in the region is high. However, prices are weak since demand is below expectation.

## Table 20: LME trends

| | Copper | | | Zinc | | | Nickel | | Gold | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Price (c/lb) | Inventories ('000 tonnes) | Domestic offer price (¥'000/ tonnes) | Price (c/lb) | Inventories ('000 tonnes) | Domestic offer price (¥'000/ tonnes) | Price ($/lb) | Inventories ('000 tonnes) | Price ($/oz) | Offer price (¥/g) |
| CY2005 | 164.0 | 53.7 | 450.5 | 61.6 | 557.5 | 191.8 | 6.7 | 12.6 | 441.3 | 1,628 |
| CY2006 | 300.9 | 115.1 | 820.3 | 144.7 | 230.8 | 422.6 | 10.7 | 18.5 | 605.5 | 2,291 |
| CY2007 | 325.7 | 160.0 | 878.3 | 152.3 | 81.8 | 412.7 | 17.1 | 16.2 | 689.1 | 2,657 |
| CY2008 | 324.1 | 169.4 | 748.1 | 88.9 | 143.4 | 223.9 | 9.9 | 50.8 | 873.0 | 2,923 |
| CY2009 | 225.3 | 382.8 | 519.3 | 72.2 | 374.3 | 182.8 | 6.5 | 109.6 | 966.9 | 2,963 |
| CY2010* | 329.7 | 471.6 | 678.8 | 96.6 | 572.9 | 207.5 | 9.8 | 141.3 | 1,179.5 | 3,410 |
| 11/07 | 347.6 | 167.0 | 781.0 | 123.8 | 77.1 | 276.0 | 14.3 | 37.7 | 792.0 | 2,819 |
| 12/07 | 308.8 | 189.5 | 812.0 | 115.3 | 79.8 | 286.0 | 12.1 | 44.3 | 783.8 | 3,031 |
| 1/08 | 304.7 | 197.5 | 790.0 | 108.2 | 89.2 | 271.0 | 12.0 | 47.9 | 836.5 | 3,163 |
| 2/08 | 333.2 | 177.8 | 935.0 | 113.7 | 111.4 | 301.0 | 12.6 | 47.1 | 933.0 | 3,280 |
| 3/08 | 388.5 | 141.4 | 878.0 | 125.9 | 122.5 | 266.0 | 14.5 | 47.7 | 978.3 | 2,993 |
| 4/08 | 377.7 | 111.4 | 937.0 | 102.7 | 124.0 | 261.0 | 13.1 | 50.4 | 897.0 | 2,933 |
| 5/08 | 394.1 | 110.1 | 878.0 | 99.6 | 126.8 | 256.0 | 12.9 | 51.4 | 863.5 | 3,002 |
| 6/08 | 362.0 | 125.0 | 960.0 | 87.8 | 144.9 | 236.0 | 9.8 | 48.1 | 891.3 | 3,178 |
| 7/08 | 395.2 | 122.4 | 927.0 | 85.9 | 153.2 | 241.0 | 9.9 | 46.7 | 929.0 | 3,175 |
| 8/08 | 367.3 | 144.7 | 866.0 | 84.0 | 158.4 | 231.0 | 8.2 | 44.4 | 909.5 | 2,945 |
| 9/08 | 334.4 | 173.7 | 697.0 | 80.5 | 160.3 | 221.0 | 8.8 | 48.2 | 832.0 | 3,052 |
| 10/08 | 289.4 | 199.1 | 447.0 | 74.7 | 155.0 | 131.0 | 7.2 | 56.0 | 876.0 | 2,342 |
| 11/08 | 179.7 | 237.9 | 381.0 | 49.9 | 182.0 | 146.0 | 5.2 | 57.9 | 734.0 | 2,519 |
| 12/08 | 163.1 | 291.2 | 281.0 | 54.0 | 193.1 | 126.0 | 4.4 | 63.8 | 795.5 | 2,490 |
| 1/09 | 131.6 | 340.6 | 315.0 | 50.8 | 253.5 | 136.0 | 4.9 | 78.8 | 865.0 | 2,623 |
| 2/09 | 142.7 | 495.3 | 368.0 | 49.7 | 346.5 | 131.0 | 5.1 | 84.1 | 913.8 | 2,988 |
| 3/09 | 151.1 | 530.9 | 405.0 | 48.9 | 355.5 | 156.0 | 4.4 | 99.4 | 949.5 | 2,888 |
| 4/09 | 179.8 | 507.0 | 454.0 | 57.2 | 348.7 | 176.0 | 4.3 | 107.7 | 919.5 | 2,829 |
| 5/09 | 204.2 | 394.9 | 485.0 | 65.7 | 328.4 | 176.0 | 5.3 | 113.6 | 881.5 | 2,996 |
| 6/09 | 224.4 | 309.2 | 519.0 | 70.3 | 323.1 | 186.0 | 6.5 | 109.2 | 987.0 | 2,924 |
| 7/09 | 228.7 | 264.2 | 564.0 | 70.1 | 353.1 | 178.0 | 7.2 | 109.6 | 931.5 | 2,885 |
| 8/09 | 270.9 | 285.9 | 623.0 | 82.1 | 421.0 | 188.0 | 8.4 | 105.8 | 954.3 | 2,889 |
| 9/09 | 283.1 | 303.0 | 567.0 | 82.6 | 438.1 | 183.0 | 8.4 | 115.7 | 949.8 | 2,898 |
| 10/09 | 275.9 | 345.4 | 637.0 | 86.9 | 436.5 | 228.0 | 8.0 | 120.8 | 1005.8 | 3,078 |
| 11/09 | 293.7 | 373.8 | 621.0 | 97.3 | 428.1 | 218.0 | 8.2 | 129.4 | 1052.0 | 3,286 |
| 12/09 | 317.0 | 443.0 | 673.0 | 104.5 | 459.0 | 238.0 | 7.4 | 140.8 | 1193.5 | 3,267 |
| 1/10 | 333.3 | 502.4 | 646.0 | 116.6 | 489.1 | 228.0 | 8.4 | 158.4 | 1104.0 | 3,148 |
| 2/10 | 302.8 | 541.2 | 663.0 | 94.9 | 499.0 | 228.0 | 8.2 | 165.8 | 1082.0 | 3,195 |
| 3/10 | 332.8 | 552.3 | 757.0 | 98.8 | 541.2 | 223.0 | 9.7 | 162.8 | 1117.3 | 3,315 |
| 4/10 | 357.6 | 512.6 | 723.0 | 107.5 | 546.1 | 243.0 | 11.6 | 156.8 | 1116.0 | 3,547 |
| 5/10 | 334.1 | 497.0 | 664.0 | 102.3 | 559.5 | 183.0 | 11.7 | 145.8 | 1175.3 | 3,578 |
| 6/10 | 304.7 | 475.2 | 603.0 | 82.6 | 618.8 | 173.0 | 9.3 | 137.4 | 1219.8 | 3,554 |
| 7/10 | 288.3 | 447.3 | 657.0 | 78.3 | 616.8 | 183.0 | 8.7 | 123.4 | 1240.0 | 3,273 |
| 8/10 | 332.8 | 414.1 | 659.0 | 90.8 | 620.4 | 188.0 | 9.7 | 118.2 | 1178.0 | 3,384 |
| 9/10 | 342.1 | 399.5 | 705.0 | 94.8 | 622.9 | 213.0 | 9.5 | 120.5 | 1250.0 | 3,534 |
| 10/10 | 368.2 | 374.5 | 711.0 | 99.5 | 614.8 | 213.0 | 10.8 | 123.5 | 1313.0 | 3,572 |

Source: Tekko Shimbun *to date

LME copper prices are likely to remain high given that inventory levels in China are low. Nickel prices continue to be strong, but supply growth is a concern. Still, output costs are growing, so a major adjustment seems unlikely.

## Table 21: Copper (tonnes)

| | Production | | Consumption | | | | | | Import | | Export | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | | Total | | Cable | | Copper strips | | Total | | Total | |
| | | yoy (%) | | yoy (%) | | yoy (%) | | yoy (%) | | yoy (%) | | yoy (%) |
| CY2005 | 1,395,284 | 1.1 | 1,199,167 | -2.5 | 751,644 | -1.0 | 433,461 | -2.8 | 128,585 | 46.7 | 253,600 | 30.3 |
| CY2006 | 1,532,055 | 9.8 | 1,252,191 | 4.4 | 780,232 | 3.8 | 452,408 | 4.4 | 75,229 | -41.5 | 319,815 | 26.1 |
| CY2007 | 1,576,818 | 2.9 | 1,241,893 | -0.8 | 768,026 | -1.6 | 453,114 | 0.2 | 102,273 | 35.9 | 428,079 | 33.9 |
| CY2008 | 1,539,838 | -2.3 | 1,219,705 | -1.8 | 749,707 | -2.4 | 442,473 | -2.3 | 90,470 | -11.5 | 423,455 | -1.1 |
| CY2009 | 1,439,843 | -6.5 | 907,929 | -25.6 | 585,210 | -21.9 | 309,064 | -30.2 | 42,256 | -53.3 | 626,685 | 48.0 |
| CY2010* | 913,488 | 10.6 | 643,993 | 36.7 | 387,013 | 25.8 | 249,953 | 61.4 | 26,436 | 9.3 | 307,984 | -27.4 |
| 8/07 | 134,540 | 4.4 | 75,870 | -21.0 | 40,736 | -32.1 | 33,252 | -4.3 | 3,202 | -9.9 | 40,576 | 48.2 |
| 9/07 | 132,061 | 8.2 | 94,842 | -12.2 | 56,643 | -21.1 | 36,659 | 5.4 | 5,835 | 12.2 | 44,171 | 79.9 |
| 10/07 | 132,675 | 2.9 | 114,321 | 5.5 | 73,138 | 8.5 | 39,716 | 1.2 | 7,180 | -10.6 | 35,693 | 31.7 |
| 11/07 | 123,478 | -2.0 | 112,918 | 0.6 | 72,514 | 3.0 | 38,743 | -3.7 | 12,691 | 25.8 | 29,205 | 9.2 |
| 12/07 | 128,764 | -3.0 | 108,253 | -4.2 | 68,135 | -3.7 | 38,729 | -4.7 | 10,609 | 11.5 | 30,236 | 1.1 |
| 1/08 | 139,419 | -2.1 | 100,003 | 5.6 | 59,360 | 6.0 | 39,103 | 6.0 | 6,958 | -11.1 | 34,125 | 4.0 |
| 2/08 | 130,417 | 4.6 | 115,103 | 17.4 | 66,262 | 11.8 | 45,305 | 22.7 | 5,595 | 35.8 | 44,579 | 18.6 |
| 3/08 | 134,732 | 1.7 | 102,691 | 1.0 | 64,878 | 2.0 | 35,608 | -3.1 | 3,659 | -42.2 | 43,909 | -1.3 |
| 4/08 | 115,656 | -11.0 | 112,242 | -1.4 | 68,243 | -4.7 | 42,349 | 4.6 | 12,893 | -11.3 | 25,899 | -30.2 |
| 5/08 | 117,238 | -11.2 | 105,352 | 1.4 | 60,722 | -4.8 | 42,999 | 12.7 | 11,527 | -4.2 | 24,095 | -24.2 |
| 6/08 | 117,553 | -7.2 | 105,558 | -2.6 | 63,621 | -7.4 | 40,297 | 7.8 | 13,336 | 24.8 | 22,657 | -26.8 |
| 7/08 | 132,316 | -3.5 | 112,985 | -1.9 | 71,700 | -2.9 | 39,765 | 0.9 | 11,296 | 56.4 | 27,586 | -17.6 |
| 8/08 | 133,624 | -0.7 | 86,963 | 14.6 | 54,902 | 34.8 | 29,990 | -9.8 | 5,904 | 84.4 | 36,796 | -9.3 |
| 9/08 | 127,048 | -3.8 | 96,414 | 1.7 | 61,434 | 8.5 | 31,685 | -13.6 | 4,593 | -21.3 | 42,279 | -4.3 |
| 10/08 | 131,418 | -0.9 | 104,805 | -8.3 | 64,834 | -11.4 | 36,392 | -8.4 | 5,377 | -25.1 | 37,611 | 5.4 |
| 11/08 | 126,408 | 2.4 | 93,806 | -16.9 | 58,742 | -19.0 | 32,915 | -15.0 | 5,520 | -56.5 | 39,486 | 35.2 |
| 12/08 | 134,009 | 4.1 | 83,783 | -22.6 | 55,009 | -19.3 | 26,065 | -32.7 | 3,812 | -64.1 | 44,433 | 47.0 |
| 1/09 | 119,380 | -14.4 | 60,688 | -39.3 | 40,308 | -32.1 | 18,735 | -52.1 | 3,964 | -43.0 | 59,602 | 74.7 |
| 2/09 | 104,015 | -20.2 | 49,256 | -57.2 | 34,482 | -48.0 | 12,965 | -71.4 | 2,582 | -53.9 | 65,380 | 46.7 |
| 3/09 | 117,838 | -12.5 | 52,921 | -48.5 | 41,172 | -36.5 | 11,184 | -68.6 | 2,189 | -40.2 | 72,042 | 64.1 |
| 4/09 | 108,375 | -6.3 | 68,549 | -38.9 | 45,116 | -33.9 | 22,627 | -46.6 | 3,437 | -73.3 | 65,879 | 154.4 |
| 5/09 | 129,995 | 10.9 | 69,438 | -34.1 | 43,965 | -27.6 | 24,529 | -43.0 | 3,355 | -70.9 | 60,678 | 151.8 |
| 6/09 | 118,933 | 1.2 | 80,725 | -23.5 | 46,624 | -26.7 | 31,725 | -21.3 | 3,052 | -77.1 | 57,991 | 156.0 |
| 7/09 | 127,654 | -3.5 | 89,689 | -20.6 | 55,854 | -22.1 | 33,057 | -16.9 | 5,613 | -50.3 | 42,530 | 54.2 |
| 8/09 | 129,027 | -3.4 | 73,339 | -15.7 | 45,921 | -16.4 | 26,482 | -11.7 | 3,442 | -41.7 | 46,493 | 26.4 |
| 9/09 | 117,062 | -7.9 | 86,440 | -10.3 | 55,523 | -9.6 | 29,932 | -5.5 | 2,558 | -44.3 | 37,605 | -11.1 |
| 10/09 | 112,039 | -14.7 | 97,559 | -6.9 | 63,888 | -1.5 | 32,676 | -10.2 | 4,573 | -15.0 | 39,197 | 4.2 |
| 11/09 | 122,063 | -3.4 | 91,465 | -2.5 | 57,455 | -2.2 | 33,004 | 0.3 | 4,883 | -11.5 | 38,654 | -2.1 |
| 12/09 | 133,462 | -0.4 | 87,860 | 4.9 | 54,902 | -0.2 | 32,148 | 23.3 | 2,608 | -31.6 | 40,634 | -8.5 |
| 1/10 | 135,539 | 13.5 | 83,803 | 38.1 | 51,075 | 26.7 | 31,778 | 69.6 | 2,931 | -26.1 | 47,936 | -19.6 |
| 2/10 | 123,545 | 18.8 | 85,142 | 72.9 | 53,818 | 56.1 | 30,458 | 134.9 | 1,855 | -28.2 | 53,618 | -18.0 |
| 3/10 | 133,431 | 13.2 | 88,654 | 67.5 | 54,458 | 32.3 | 33,066 | 195.7 | 1,813 | -17.2 | 59,871 | -16.9 |
| 4/10 | 128,346 | 18.4 | 99,531 | 45.2 | 59,498 | 31.9 | 38,926 | 72.0 | 4,134 | 20.3 | 47,655 | -27.7 |
| 5/10 | 132,901 | 2.2 | 87,637 | 26.2 | 50,418 | 14.7 | 36,326 | 48.1 | 2,552 | -23.9 | 49,249 | -18.8 |
| 6/10 | 130,750 | 9.9 | 95,080 | 17.8 | 55,079 | 18.1 | 39,139 | 23.4 | 7,284 | 138.7 | 45,180 | -22.1 |
| 7/10 | 128,976 | 1.0 | 104,146 | 16.1 | 62,667 | 12.2 | 40,260 | 21.8 | 5,867 | 4.5 | 4,475 | -89.5 |

Source: METI * to date

Domestic copper demand had been recovering, but growth has been slowing down more recently. The export weighting in H1 FY09 was high, but domestic demand is also gradually increasing. Still, there could be negative growth from here.

## Table 22: Zinc (unit: tonnes)

| | Production | | Consumption | | | | | | Imports | | Exports | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | | Total | | Galvanizing | | Others | | Total | | Total | |
| | | yoy (%) | | yoy (%) | | yoy (%) | | yoy (%) | | yoy (%) | | yoy (%) |
| CY2005 | 638,352 | 0.6 | 456,898 | -4.1 | 218,754 | -4.5 | 74,374 | -10.7 | 45,860 | 8.3 | 53,700 | -12.9 |
| CY2006 | 614,331 | -3.8 | 469,523 | 2.8 | 219,376 | 0.3 | 75,332 | 1.3 | 40,649 | -11.4 | 73,369 | 36.6 |
| CY2007 | 597,650 | -2.7 | 487,578 | 3.8 | 218,810 | -0.3 | 109,531 | 45.4 | 53,145 | 30.7 | 74,187 | 1.1 |
| CY2008 | 615,533 | 3.0 | 451,971 | -7.3 | 205,842 | -5.9 | 87,109 | -20.5 | 45,287 | -14.8 | 84,505 | 13.9 |
| CY2009 | 540,604 | -12.2 | 318,922 | -29.4 | 151,056 | -26.6 | 56,576 | -35.1 | 27,533 | -39.2 | 155,985 | 84.6 |
| CY2010* | 327,566 | 4.3 | 223,259 | 38.8 | 112,768 | 56.0 | 31,513 | -1.7 | 15,113 | -4.5 | 60,213 | -44.3 |
| 8/07 | 45,243 | -12.2 | 42,280 | 21.9 | 18,708 | 12.1 | 11,433 | 97.0 | 5,928 | 259.1 | 7,239 | 24.3 |
| 9/07 | 52,287 | 5.2 | 45,183 | 12.9 | 18,974 | -6.9 | 11,686 | 95.8 | 3,828 | 66.4 | 7,620 | 15.4 |
| 10/07 | 55,271 | -4.6 | 40,818 | -4.6 | 18,822 | -3.3 | 7,436 | 0.7 | 4,636 | 16.9 | 5,442 | 4.1 |
| 11/07 | 47,480 | -10.5 | 44,950 | 11.0 | 18,442 | -4.0 | 11,202 | 54.1 | 4,040 | 39.9 | 5,726 | 16.8 |
| 12/07 | 58,913 | 0.9 | 42,734 | 5.4 | 18,333 | -6.7 | 11,754 | 70.9 | 4,010 | -17.5 | 6,639 | 33.4 |
| 1/08 | 56,858 | 0.1 | 43,356 | 9.6 | 18,681 | -0.8 | 10,715 | 48.9 | 3,342 | -43.6 | 7,377 | 32.4 |
| 2/08 | 51,201 | 11.7 | 43,191 | 15.5 | 16,806 | -3.5 | 12,303 | 78.9 | 1,800 | -41.8 | 9,675 | 86.3 |
| 3/08 | 56,957 | 22.4 | 38,973 | 12.7 | 19,190 | 16.7 | 6,834 | -5.6 | 3,937 | 56.1 | 10,465 | 76.5 |
| 4/08 | 52,918 | 31.1 | 36,415 | -5.2 | 16,956 | -8.1 | 5,271 | -5.6 | 2,921 | 3.5 | 6,349 | -14.4 |
| 5/08 | 54,040 | -0.8 | 38,849 | -6.2 | 17,756 | -11.9 | 5,326 | -40.2 | 3,150 | -36.7 | 6,871 | 60.9 |
| 6/08 | 56,361 | 4.4 | 37,579 | -14.0 | 16,041 | -14.1 | 6,587 | -43.4 | 2,869 | -64.9 | 7,554 | 12.3 |
| 7/08 | 42,555 | 5.0 | 38,304 | 4.7 | 18,473 | 18.8 | 6,396 | -25.6 | 6,210 | 93.9 | 6,402 | -0.2 |
| 8/08 | 46,191 | 2.1 | 35,781 | -15.4 | 17,173 | -8.2 | 7,068 | -38.2 | 6,530 | 10.2 | 6,033 | -16.7 |
| 9/08 | 47,261 | -9.6 | 34,159 | -24.4 | 17,170 | -9.5 | 5,393 | -53.9 | 6,259 | 63.5 | 6,213 | -18.5 |
| 10/08 | 45,917 | -16.9 | 40,641 | -0.4 | 17,350 | -7.8 | 8,682 | 16.8 | 2,461 | -46.9 | 7,762 | 42.6 |
| 11/08 | 50,247 | 5.8 | 36,639 | -18.5 | 17,721 | -3.9 | 6,134 | -45.2 | 3,258 | -19.4 | 5,617 | -1.9 |
| 12/08 | 55,027 | -6.6 | 28,084 | -34.3 | 12,525 | -31.7 | 6,400 | -45.6 | 2,550 | -36.4 | 4,187 | -36.9 |
| 1/09 | 56,013 | -1.5 | 23,193 | -46.5 | 9,679 | -48.2 | 5,787 | -46.0 | 3,053 | -8.6 | 7,020 | -4.8 |
| 2/09 | 42,031 | -17.9 | 18,374 | -57.5 | 7,072 | -57.9 | 4,225 | -65.7 | 2,073 | 15.2 | 20,781 | 114.8 |
| 3/09 | 38,360 | -32.7 | 19,264 | -50.6 | 8,547 | -55.5 | 4,117 | -39.8 | 627 | -84.1 | 18,624 | 78.0 |
| 4/09 | 43,021 | -18.7 | 18,617 | -48.9 | 8,668 | -48.9 | 3,981 | -24.5 | 4,133 | 41.5 | 13,098 | 106.3 |
| 5/09 | 52,782 | -2.3 | 22,588 | -41.9 | 11,035 | -37.9 | 4,577 | -14.1 | 2,538 | -19.4 | 14,354 | 108.9 |
| 6/09 | 50,353 | -10.7 | 26,446 | -29.6 | 12,165 | -24.2 | 4,131 | -37.3 | 2,369 | -17.4 | 14,972 | 98.2 |
| 7/09 | 31,534 | -25.9 | 32,344 | -15.6 | 15,108 | -18.2 | 5,245 | -18.0 | 1,036 | -83.3 | 19,160 | 199.3 |
| 8/09 | 32,812 | -29.0 | 27,906 | -22.0 | 14,756 | -14.1 | 3,987 | -43.6 | 763 | -88.3 | 13,051 | 116.3 |
| 9/09 | 43,412 | -8.1 | 31,361 | -8.2 | 15,046 | -12.4 | 4,513 | -16.3 | 3,444 | -45.0 | 11,471 | 84.6 |
| 10/09 | 51,687 | 12.6 | 34,327 | -15.5 | 16,016 | -7.7 | 6,140 | -29.3 | 3,362 | 36.6 | 10,348 | 33.3 |
| 11/09 | 48,899 | -2.7 | 33,073 | -9.7 | 16,386 | -7.5 | 4,870 | -20.6 | 1,589 | -51.2 | 7,172 | 27.7 |
| 12/09 | 49,700 | -9.7 | 31,429 | 11.9 | 16,578 | 32.4 | 5,003 | -21.8 | 2,546 | -0.2 | 5,934 | 41.7 |
| 1/10 | 54,010 | -3.6 | 32,132 | 38.5 | 15,975 | 65.0 | 4,817 | -16.8 | 2,105 | -31.1 | 6,526 | -7.0 |
| 2/10 | 45,921 | 9.3 | 30,382 | 65.4 | 15,686 | 121.8 | 4,488 | 6.2 | 1,203 | -42.0 | 8,106 | -61.0 |
| 3/10 | 41,984 | 9.4 | 33,290 | 72.8 | 17,110 | 100.2 | 4,703 | 14.2 | 578 | -7.8 | 11,388 | -38.9 |
| 4/10 | 43,690 | 1.6 | 31,220 | 67.7 | 16,193 | 86.8 | 4,197 | 5.4 | 4,053 | -1.9 | 8,432 | -35.6 |
| 5/10 | 51,670 | -2.1 | 30,639 | 35.6 | 15,212 | 37.9 | 4,223 | -7.7 | 1,746 | -31.2 | 8,717 | -39.3 |
| 6/10 | 51,008 | 1.3 | 32,888 | 24.4 | 16,472 | 35.4 | 4,611 | 11.6 | 2,021 | -14.7 | 9,464 | -36.8 |
| 7/10 | 39,283 | 24.6 | 32,708 | 1.1 | 16,120 | 6.7 | 4,474 | -14.7 | 3,407 | 228.9 | 7,580 | -60.4 |

Source: METI * to date

Domestic demand for zinc is recovering from lows, but momentum looks set to taper off.

## Table 23: Aluminium product shipment volumes (tonnes)

| | Sheet | | | | | | Extrusions | | Foil | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | yoy % | Can materials | yoy % | Auto | yoy % | Total | yoy % | Total | yoy% | Capacitor foil | yoy% |
| FY05 | 1,329,308 | -5.0 | 428,087 | -2.6 | 160,308 | 7.6 | 1,011,810 | -2.9 | 139,443 | -2.8 | 41,207 | 6.4 |
| FY06 | 1,347,939 | 1.4 | 426,225 | -0.4 | 163,778 | 2.2 | 1,016,741 | 0.5 | 138,504 | -0.7 | 41,935 | 1.8 |
| FY07 | 1,355,883 | 0.6 | 422,950 | -0.8 | 168,914 | 3.1 | 945,267 | -7.0 | 137,275 | -0.9 | 44,065 | 5.1 |
| FY08 | 1,229,084 | -9.4 | 422,567 | -0.1 | 133,816 | -20.8 | 801,317 | -15.2 | 111,416 | -18.8 | 30,386 | -31.0 |
| FY09 | 1,174,479 | -4.4 | 415,987 | -1.6 | 126,522 | -5.5 | 710,550 | -11.3 | 111,833 | 0.4 | 36,174 | 19.0 |
| FY10* | 543,141 | 16.4 | 183,732 | -7.5 | 60,571 | 50.6 | 316,364 | 15.5 | 50,861 | 17.8 | 18,886 | 37.6 |
| Sep 07 | 107,455 | -2.0 | 33,531 | 0.4 | 13,659 | -7.1 | 77,720 | -10.2 | 11,643 | -5.8 | 3,676 | -6.4 |
| Oct 07 | 118,658 | 2.5 | 34,351 | -1.3 | 15,541 | 7.0 | 85,574 | -5.5 | 12,640 | 1.6 | 4,056 | 16.9 |
| Nov 07 | 114,331 | -1.6 | 36,016 | 5.5 | 15,316 | 6.2 | 83,259 | -7.5 | 12,519 | 1.6 | 4,075 | 14.9 |
| Dec 07 | 105,000 | -0.0 | 31,616 | 6.9 | 13,332 | 4.5 | 77,566 | -11.4 | 11,574 | 1.3 | 3,805 | 14.5 |
| Jan 08 | 103,446 | 2.3 | 27,975 | 7.6 | 14,322 | 4.2 | 72,855 | -8.9 | 10,537 | 0.6 | 3,661 | 13.3 |
| Feb 08 | 109,609 | -1.8 | 29,695 | -18.3 | 14,993 | 8.6 | 74,599 | -6.8 | 11,003 | 0.1 | 3,655 | 9.7 |
| Mar 08 | 118,641 | -1.1 | 33,067 | -11.2 | 15,416 | 4.2 | 74,932 | -10.7 | 11,100 | -11.6 | 3,316 | -18.3 |
| Apr 08 | 122,495 | 5.4 | 37,621 | -6.0 | 14,390 | 12.6 | 76,117 | -4.3 | 11,469 | -3.6 | 3,451 | -4.7 |
| May 08 | 123,718 | 4.8 | 40,271 | 5.0 | 13,200 | -1.1 | 73,124 | -7.2 | 10,739 | -0.5 | 3,393 | 1.1 |
| Jun 08 | 124,020 | 4.2 | 42,402 | 4.0 | 14,152 | 1.3 | 78,201 | -2.3 | 11,321 | 1.6 | 3,698 | 6.9 |
| Jul 08 | 126,824 | 6.7 | 42,653 | 5.6 | 15,083 | 6.2 | 80,699 | -4.1 | 11,738 | 0.5 | 3,989 | 5.1 |
| Aug 08 | 103,883 | -2.4 | 38,550 | 3.8 | 11,270 | -6.4 | 66,973 | -12.2 | 10,545 | -1.8 | 3,785 | 5.5 |
| Sep 08 | 115,863 | 7.8 | 34,986 | 4.3 | 14,834 | 8.6 | 76,465 | -1.6 | 11,995 | 3.0 | 4,270 | 16.2 |
| Oct 08 | 114,906 | -3.2 | 33,197 | -3.4 | 14,243 | -8.4 | 78,251 | -8.6 | 11,270 | -10.8 | 3,472 | -14.4 |
| Nov 08 | 98,831 | -13.6 | 29,255 | -18.8 | 11,431 | -25.4 | 67,623 | -18.8 | 9,232 | -26.3 | 2,328 | -42.9 |
| Dec 08 | 82,571 | -21.4 | 27,535 | -12.9 | 9,461 | -29.0 | 60,405 | -22.1 | 7,285 | -37.1 | 1,161 | -69.5 |
| Jan 09 | 70,223 | -32.1 | 26,696 | -4.6 | 6,680 | -53.4 | 51,970 | -28.7 | 5,291 | -49.8 | 252 | -93.1 |
| Feb 09 | 67,080 | -38.8 | 29,865 | 0.6 | 4,938 | -67.1 | 45,911 | -38.5 | 4,997 | -54.6 | 176 | -95.2 |
| Mar 09 | 78,670 | -33.7 | 39,536 | 19.6 | 4,134 | -73.2 | 45,578 | -39.2 | 5,534 | -50.1 | 411 | -87.6 |
| Apr 09 | 86,159 | -29.7 | 41,199 | 9.5 | 5,245 | -63.6 | 51,559 | -32.3 | 7,901 | -31.1 | 1,966 | -43.0 |
| May 09 | 89,486 | -27.7 | 42,065 | 4.5 | 6,837 | -48.2 | 49,017 | -33.0 | 7,483 | -30.3 | 2,178 | -35.8 |
| Jun 09 | 100,505 | -19.0 | 42,051 | -0.8 | 8,885 | -37.2 | 58,100 | -25.7 | 9,347 | -17.4 | 3,145 | -15.0 |
| Jul 09 | 104,970 | -17.2 | 42,395 | -0.6 | 10,492 | -30.4 | 61,640 | -23.6 | 9,908 | -15.6 | 3,528 | -11.6 |
| Aug 09 | 85,389 | -17.8 | 30,830 | -20.0 | 8,774 | -22.1 | 53,531 | -20.1 | 8,528 | -19.1 | 2,913 | -23.0 |
| Sep 09 | 96,163 | -17.0 | 28,179 | -19.5 | 11,290 | -23.9 | 60,922 | -20.3 | 9,789 | -18.4 | 3,196 | -25.2 |
| Oct 09 | 100,088 | -12.9 | 31,158 | -6.1 | 12,411 | -12.9 | 65,392 | -16.4 | 10,492 | -6.9 | 3,175 | -8.6 |
| Nov 09 | 100,858 | 2.1 | 31,147 | 6.5 | 12,785 | 11.8 | 64,001 | -5.4 | 9,920 | 7.5 | 2,948 | 26.6 |
| Dec 09 | 94,525 | 14.5 | 29,976 | 8.9 | 11,253 | 18.9 | 61,400 | 1.6 | 9,354 | 28.4 | 2,971 | 155.9 |
| Jan 10 | 92,440 | 31.6 | 28,437 | 6.5 | 12,249 | 83.4 | 57,933 | 11.5 | 8,884 | 67.9 | 2,971 | 1,079.0 |
| Feb 10 | 103,715 | 54.6 | 31,562 | 5.7 | 12,712 | 157.4 | 60,522 | 31.8 | 9,362 | 87.4 | 3,186 | 1,710.2 |
| Mar 10 | 120,181 | 52.8 | 36,988 | -6.4 | 13,589 | 228.7 | 66,533 | 46.0 | 10,865 | 96.3 | 3,997 | 872.5 |
| Apr 10 | 114,008 | 32.3 | 38,924 | -5.5 | 11,653 | 122.2 | 63,187 | 22.6 | 10,589 | 34.0 | 3,889 | 97.8 |
| May 10 | 106,900 | 19.5 | 35,260 | -16.2 | 11,531 | 68.7 | 58,738 | 19.8 | 9,504 | 27.0 | 3,552 | 63.1 |
| Jun 10 | 112,886 | 12.3 | 35,661 | -15.2 | 13,049 | 46.9 | 67,055 | 15.4 | 10,509 | 12.4 | 4,029 | 28.1 |
| Jul 10 | 111,970 | 6.7 | 38,804 | -8.5 | 12,935 | 23.3 | 67,649 | 9.7 | 10,660 | 7.6 | 3,935 | 11.5 |
| Aug 10 | 97,377 | 14.0 | 35,083 | 13.8 | 11,403 | 30.0 | 59,735 | 11.6 | 9,599 | 12.6 | 3,481 | 19.5 |

Source: Japan Aluminium Association *to date

Reflecting the boost from hot weather, levels remain high, but a reflexive slide back looks likely for can materials and products for LCDs and semiconductors.

## Table 24: Optical fibre statistics (METI) ('000 kmc)

| | Shipment volume | | Total Domestic | | Telecommunication | | Elec. power | | Optical core | | Unit price |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | YoY | Demand | YoY | mainly to NTT | YoY | mainly to NCC | YoY | Production | YoY | |
| FY05 | 11,754 | 29.7 | 96.7 | 15.7 | 60.7 | 20.3 | 12.3 | 50.6 | 10,103 | 25.1 | 5.1 |
| FY06 | 12,284 | 4.5 | 103.4 | 7.0 | 70.2 | 15.6 | 8.8 | -28.3 | 14,672 | 45.2 | 4.1 |
| FY07 | 13,947 | 13.5 | 93.1 | -9.9 | 55.5 | -20.9 | 6.8 | -23.1 | 18,286 | 24.6 | 3.5 |
| FY08 | 10,910 | -21.8 | 80.9 | -13.1 | 44.1 | -20.6 | 6.1 | -10.3 | 20,164 | 10.3 | 3.2 |
| FY09 | 10,162 | -6.9 | 74.8 | -7.5 | 42.4 | -3.7 | 5.9 | -3.2 | 26,165 | 29.8 | 2.4 |
| FY10* | 4,233 | 0.2 | 20.3 | -26.6 | 11.6 | -27.9 | 1.6 | 8.6 | 10,463 | -3.7 | 1.8 |
| 5/07 | 984.4 | 17.1 | 6.8 | -11.9 | 4.5 | -11.7 | 0.5 | -37.9 | 1,229 | -5.2 | 3.9 |
| 6/07 | 973.1 | 11.0 | 7.8 | 2.9 | 4.9 | -4.6 | 0.5 | -47.2 | 1,453 | -1.1 | 3.9 |
| 7/07 | 1,355.9 | 35.0 | 8.3 | 2.4 | 5.1 | -5.6 | 0.5 | -38.3 | 1,534 | -0.5 | 3.7 |
| 8/07 | 1,103.7 | 10.1 | 7.3 | -8.8 | 4.7 | -15.4 | 0.5 | -22.6 | 1,436 | 28.2 | 3.6 |
| 9/07 | 987.4 | -11.2 | 8.1 | -4.9 | 4.1 | -27.5 | 0.6 | -32.7 | 1,420 | 25.3 | 3.8 |
| 10/07 | 1,077.5 | -11.5 | 7.6 | -22.8 | 4.7 | -26.6 | 0.7 | -4.7 | 1,370 | 60.5 | 3.8 |
| 11/07 | 1,128.4 | 2.2 | 8.2 | -11.4 | 4.7 | -25.2 | 0.6 | -0.6 | 1,635 | 88.5 | 3.5 |
| 12/07 | 1,020.8 | -1.9 | 7.4 | -4.7 | 3.7 | -28.9 | 0.5 | 10.0 | 1,480 | 33.2 | 3.7 |
| 1/08 | 1,302.0 | 23.0 | 7.9 | -28.7 | 4.5 | -44.4 | 0.7 | 5.0 | 1,459 | 41.6 | 3.3 |
| 2/08 | 1,425.4 | 39.8 | 7.9 | -5.6 | 4.2 | -19.6 | 0.8 | -3.1 | 1,758 | 31.2 | 3.1 |
| 3/08 | 1,625.4 | 47.4 | 9.2 | 1.4 | 5.7 | -10.4 | 0.5 | -31.3 | 2,185 | 37.2 | 2.9 |
| 4/08 | 884.0 | -8.2 | 5.5 | -16.2 | 3.4 | -27.5 | 0.4 | 10.2 | 1,890 | 42.5 | 2.6 |
| 5/08 | 970.7 | -1.4 | 6.2 | -9.3 | 3.4 | -24.7 | 0.5 | -3.7 | 1,920 | 56.2 | 2.7 |
| 6/08 | 897.2 | -7.8 | 7.4 | -5.2 | 3.9 | -21.1 | 0.5 | -0.6 | 2,042 | 40.6 | 3.2 |
| 7/08 | 1,111.9 | -18.0 | 6.5 | -21.6 | 3.9 | -22.8 | 0.5 | -10.2 | 1,862 | 21.4 | 2.8 |
| 8/08 | 928.1 | -15.9 | 6.6 | -8.7 | 4.1 | -13.0 | 0.4 | -27.2 | 1,754 | 22.2 | 3.0 |
| 9/08 | 1,010.3 | 2.3 | 7.6 | -5.8 | 4.2 | 1.4 | 0.6 | -3.4 | 1,749 | 23.2 | 3.2 |
| 10/08 | 1,042.6 | -3.2 | 7.6 | -0.8 | 4.2 | -11.9 | 0.7 | -4.1 | 1,781 | 30.0 | 3.2 |
| 11/08 | 924.3 | -18.1 | 7.4 | -9.3 | 4.1 | -13.1 | 0.6 | -9.1 | 1,582 | -3.3 | 3.4 |
| 12/08 | 852.4 | -16.5 | 6.3 | -14.0 | 3.0 | -18.2 | 0.5 | -5.4 | 1,254 | -15.3 | 3.8 |
| 1/09 | 813.1 | -37.5 | 6.6 | -16.5 | 3.4 | -23.4 | 0.6 | -6.7 | 1,107 | -24.1 | 5.0 |
| 2/09 | 750.3 | -47.4 | 6.3 | -20.2 | 3.2 | -24.2 | 0.5 | -36.2 | 1,552 | -11.7 | 2.8 |
| 3/09 | 725.3 | -55.4 | 6.7 | -26.9 | 3.3 | -41.3 | 0.4 | -14.2 | 1,671 | -23.5 | 3.0 |
| 4/09 | 904.3 | 2.3 | 7.0 | 26.6 | 4.9 | 44.4 | 0.4 | -14.5 | 2,287 | 21.0 | 2.6 |
| 5/09 | 786.9 | -18.9 | 6.5 | 5.0 | 3.5 | 4.9 | 0.3 | -32.0 | 1,864 | -2.9 | 3.0 |
| 6/09 | 817.9 | -8.8 | 6.9 | -7.0 | 3.6 | -8.3 | 0.4 | -10.9 | 2,456 | 20.3 | 2.6 |
| 7/09 | 827.0 | -25.6 | 7.2 | 10.9 | 4.1 | 5.3 | 0.4 | -19.5 | 2,249 | 20.8 | 2.8 |
| 8/09 | 889.5 | -4.2 | 6.1 | -8.5 | 3.4 | -17.3 | 0.5 | 23.8 | 2,013 | 14.8 | 2.5 |
| 9/09 | 1,024.9 | 1.4 | 6.1 | -19.9 | 3.6 | -14.6 | 0.5 | -12.7 | 2,163 | 23.7 | 2.4 |
| 10/09 | 817.5 | -21.6 | 5.9 | -21.6 | 3.6 | -14.0 | 0.5 | -16.9 | 2,528 | 41.9 | 2.0 |
| 11/09 | 932.0 | 0.8 | 5.9 | -20.2 | 3.1 | -22.5 | 0.6 | 10.2 | 2,305 | 45.7 | 2.1 |
| 12/09 | 823.6 | -3.4 | 5.4 | -14.2 | 2.8 | -6.9 | 0.6 | 11.2 | 1,998 | 59.4 | 2.3 |
| 1/10 | 790.1 | -2.8 | 5.5 | -16.0 | 3.1 | -9.9 | 0.7 | 7.0 | 1,888 | 70.5 | 2.3 |
| 2/10 | 709.9 | -5.4 | 5.4 | -14.6 | 3.1 | -3.0 | 0.5 | 9.5 | 1,988 | 28.1 | 2.1 |
| 3/10 | 838.9 | 15.7 | 6.8 | 0.6 | 3.6 | 7.8 | 0.4 | 13.5 | 2,425 | 45.1 | 2.2 |
| 4/10 | 841.5 | -6.9 | 5.2 | -25.4 | 3.5 | -28.5 | 0.4 | 8.4 | 2,429 | 6.2 | 1.7 |
| 5/10 | 682.9 | -13.2 | 4.6 | -29.2 | 2.8 | -20.6 | 0.4 | 17.0 | 2,151 | 15.4 | 1.8 |
| 6/10 | 845.2 | 3.3 | 5.2 | -24.5 | 2.5 | -28.2 | 0.4 | 1.9 | 2,172 | -11.6 | 1.9 |
| 7/10 | 991.8 | 19.9 | 5.2 | -27.6 | 2.8 | -33.3 | 0.4 | 9.3 | 1,907 | -15.2 | 2.0 |
| 8/10 | 872.0 | -2.0 | | | | | | | 1,804 | -10.4 | |

Source: METI *to date

Optic fibre shipment volumes for the domestic market show an increase for regional IT projects. However, we believe the demand may only last within this year. Exports remain the driving force, but momentum appears to have been lost.

## Table 25: Optical statistics (The Japanese Electric Wire & Cable Makers' Association) ('000km core, ¥bn, yoy chg., ¥/m)

| | Optical fibre cable and cord | | | | | | | | | | Optical products | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total domestic | | Telecommunication | | Elec. power | | Export | | Total shipments | | Total shipments | |
| | | yoy (%) | | yoy (%) | | yoy (%) | | yoy (%) | | yoy (%) | Amount (kmC) | Unit price (¥/m) |
| FY05 | 96.7 | 15.7 | 60.7 | 20.3 | 12.3 | 50.6 | 6.6 | -8.7 | 103.3 | 13.7 | 20,242.8 | 5.1 |
| FY06 | 103.4 | 7.0 | 70.2 | 15.6 | 8.8 | -28.3 | 4.7 | -28.8 | 108.1 | 4.7 | 26,073.6 | 4.1 |
| FY07 | 93.1 | -9.9 | 55.5 | -20.9 | 6.8 | -23.1 | 19.2 | 309.7 | 112.4 | 3.9 | 31,848.8 | 3.5 |
| FY08 | 80.9 | -13.1 | 44.1 | -20.6 | 6.1 | -10.3 | 16.7 | -12.9 | 97.6 | -13.1 | 30,969.8 | 3.2 |
| FY09 | 74.8 | -7.5 | 42.4 | -3.7 | 5.9 | -3.2 | 11.3 | -32.7 | 86.1 | -11.8 | 35,955.3 | 2.4 |
| FY10* | 20.3 | -26.6 | 11.6 | -27.9 | 1.6 | 8.6 | 1.7 | -68.7 | 21.9 | -33.4 | 11,923.8 | 1.8 |
| 8/07 | 7.3 | -8.8 | 4.7 | -15.4 | 0.5 | -22.6 | 1.7 | 317.7 | 9.0 | 7.5 | 2,506.9 | 3.6 |
| 9/07 | 8.1 | -4.9 | 4.1 | -27.5 | 0.6 | -32.7 | 1.2 | 192.6 | 9.3 | 4.1 | 2,440.7 | 3.8 |
| 10/07 | 7.6 | -22.8 | 4.7 | -26.6 | 0.7 | -4.7 | 1.4 | 240.9 | 9.0 | -12.5 | 2,361.0 | 3.8 |
| 11/07 | 8.2 | -11.4 | 4.7 | -25.2 | 0.6 | -0.6 | 1.5 | 484.7 | 9.6 | 1.6 | 2,718.3 | 3.5 |
| 12/07 | 7.4 | -4.7 | 3.7 | -28.9 | 0.5 | 10.0 | 1.9 | 242.4 | 9.3 | 11.8 | 2,516.6 | 3.7 |
| 1/08 | 7.9 | -28.7 | 4.5 | -44.4 | 0.7 | 5.0 | 1.1 | 214.1 | 9.0 | -21.5 | 2,713.3 | 3.3 |
| 2/08 | 7.9 | -5.6 | 4.2 | -19.6 | 0.8 | -3.1 | 1.8 | 375.0 | 9.7 | 10.5 | 3,158.0 | 3.1 |
| 3/08 | 9.2 | 1.4 | 5.7 | -10.4 | 0.5 | -31.3 | 2.0 | 178.0 | 11.2 | 14.3 | 3,836.9 | 2.9 |
| 4/08 | 5.5 | -16.2 | 3.4 | -27.5 | 0.4 | 10.2 | 1.9 | 29.2 | 7.4 | -7.9 | 2,809.8 | 2.6 |
| 5/08 | 6.2 | -9.3 | 3.4 | -24.7 | 0.5 | -3.7 | 1.7 | 13.2 | 7.9 | -5.2 | 2,897.1 | 2.7 |
| 6/08 | 7.4 | -5.2 | 3.9 | -21.1 | 0.5 | -0.6 | 1.6 | 4.9 | 9.0 | -3.6 | 2,777.6 | 3.2 |
| 7/08 | 6.5 | -21.6 | 3.9 | -22.8 | 0.5 | -10.2 | 1.6 | -26.7 | 8.2 | -22.7 | 2,914.2 | 2.8 |
| 8/08 | 6.6 | -8.7 | 4.1 | -13.0 | 0.4 | -27.2 | 1.2 | -32.1 | 7.8 | -13.3 | 2,570.2 | 3.0 |
| 9/08 | 7.6 | -5.8 | 4.2 | 1.4 | 0.6 | -3.4 | 1.3 | 11.8 | 9.0 | -3.6 | 2,835.8 | 3.2 |
| 10/08 | 7.6 | -0.8 | 4.2 | -11.9 | 0.7 | -4.1 | 1.3 | -4.8 | 8.9 | -1.4 | 2,816.2 | 3.2 |
| 11/08 | 7.4 | -9.3 | 4.1 | -13.1 | 0.6 | -9.1 | 1.2 | -17.9 | 8.6 | -10.6 | 2,531.2 | 3.4 |
| 12/08 | 6.3 | -14.0 | 3.0 | -18.2 | 0.5 | -5.4 | 1.6 | -14.8 | 8.0 | -14.2 | 2,107.9 | 3.8 |
| 1/09 | 6.6 | -16.5 | 3.4 | -23.4 | 0.6 | -6.7 | 1.3 | 18.3 | 7.9 | -12.4 | 1,570.4 | 5.0 |
| 2/09 | 6.3 | -20.2 | 3.2 | -24.2 | 0.5 | -36.2 | 1.0 | -45.6 | 7.3 | -24.8 | 2,563.9 | 2.8 |
| 3/09 | 6.7 | -26.9 | 3.3 | -41.3 | 0.4 | -14.2 | 1.0 | -47.5 | 7.8 | -30.5 | 2,575.4 | 3.0 |
| 4/09 | 7.0 | 26.6 | 4.9 | 44.4 | 0.4 | -14.5 | 1.2 | -38.6 | 8.2 | 9.9 | 3,170.9 | 2.6 |
| 5/09 | 6.5 | 5.0 | 3.5 | 4.9 | 0.3 | -32.0 | 1.2 | -28.9 | 7.7 | -2.4 | 2,592.2 | 3.0 |
| 6/09 | 6.9 | -7.0 | 3.6 | -8.3 | 0.4 | -10.9 | 1.5 | -4.1 | 8.4 | -6.5 | 3,288.6 | 2.6 |
| 7/09 | 7.2 | 10.9 | 4.1 | 5.3 | 0.4 | -19.5 | 1.4 | -14.9 | 8.6 | 5.7 | 3,071.2 | 2.8 |
| 8/09 | 6.1 | -8.5 | 3.4 | -17.3 | 0.5 | 23.8 | 1.3 | 12.7 | 7.4 | -5.3 | 2,941.5 | 2.5 |
| 9/09 | 6.1 | -19.9 | 3.6 | -14.6 | 0.5 | -12.7 | 1.4 | 6.8 | 7.5 | -15.9 | 3,159.2 | 2.4 |
| 10/09 | 5.9 | -21.6 | 3.6 | -14.0 | 0.5 | -16.9 | 0.8 | -40.1 | 6.7 | -24.3 | 3,325.2 | 2.0 |
| 11/09 | 5.9 | -20.2 | 3.1 | -22.5 | 0.6 | 10.2 | 0.7 | -39.0 | 6.6 | -22.8 | 3,149.0 | 2.1 |
| 12/09 | 5.4 | -14.2 | 2.8 | -6.9 | 0.6 | 11.2 | 0.8 | -49.8 | 6.3 | -21.5 | 2,738.4 | 2.3 |
| 1/10 | 5.5 | -16.0 | 3.1 | -9.9 | 0.7 | 7.0 | 0.3 | -72.9 | 5.9 | -25.1 | 2,605.3 | 2.3 |
| 2/10 | 5.4 | -14.6 | 3.1 | -3.0 | 0.5 | 9.5 | 0.3 | -70.8 | 5.7 | -22.0 | 2,660.1 | 2.1 |
| 3/10 | 6.8 | 0.6 | 3.6 | 7.8 | 0.4 | 13.5 | 0.3 | -74.0 | 7.0 | -9.4 | 3,253.6 | 2.2 |
| 4/10 | 5.2 | -25.4 | 3.5 | -28.5 | 0.4 | 8.4 | 0.3 | -72.8 | 5.5 | -32.2 | 3,201.7 | 1.7 |
| 5/10 | 4.6 | -29.2 | 2.8 | -20.6 | 0.4 | 17.0 | 0.3 | -76.7 | 4.9 | -36.8 | 2,785.6 | 1.8 |
| 6/10 | 5.2 | -24.5 | 2.5 | -28.2 | 0.4 | 1.9 | 0.5 | -68.0 | 5.7 | -32.2 | 3,014.9 | 1.9 |
| 7/10 | 5.2 | -27.6 | 2.8 | -33.3 | 0.4 | 9.3 | 0.6 | -59.1 | 5.8 | -32.7 | 2,921.7 | 2.0 |

Source: METI and The Japanese Electric Wire & Cable Makers' Association * to date

These statistics are on a value basis. Though slow to be updated, they show trends for users and for unit prices. Domestic unit prices remain weak. Unit prices also continue to decline.

## Table 26: Copper and aluminium cable shipments (tonnes)

| | Copper cable | | Domestic | | Export | | Aluminum cable | |
|---|---|---|---|---|---|---|---|---|
| | Volume | yoy (%) | Volume | yoy (%) | Volume | yoy (%) | Volume | yoy (%) |
| FY05 | 865,961 | 4.7 | 865,961 | 4.7 | 33,385 | 9.4 | 27,292 | -5.7 |
| FY06 | 870,843 | 0.6 | 839,067 | -3.1 | 31,776 | -4.8 | 28,864 | 5.8 |
| FY07 | 856,151 | -1.7 | 826,504 | -1.5 | 29,647 | -6.7 | 24,210 | -16.1 |
| FY08 | 856,335 | 0.0 | 776,259 | -6.1 | 35,309 | 19.1 | 32,291 | 33.4 |
| FY09 | 662,472 | -22.6 | 636,967 | -17.9 | 25,505 | -27.8 | 42,883 | 32.8 |
| FY10* | 222,155 | 6.5 | 213,285 | 6.7 | 8,870 | 1.4 | 10,207 | -27.7 |
| 8/07 | 67,506 | -2.8 | 65,594 | 0.8 | 1,912 | -55.8 | 1,335 | -23.3 |
| 9/07 | 69,320 | -6.0 | 66,673 | -6.4 | 2,647 | 2.7 | 2,416 | -10.7 |
| 10/07 | 77,711 | -1.1 | 75,107 | -0.5 | 2,604 | -15.5 | 1,872 | -31.6 |
| 11/07 | 76,034 | -1.4 | 73,983 | -1.1 | 2,051 | -10.7 | 2,234 | -19.3 |
| 12/07 | 69,958 | -4.3 | 67,170 | -4.9 | 2,788 | 12.6 | 1,911 | -11.9 |
| 1/08 | 67,385 | -0.1 | 65,438 | -0.0 | 1,947 | -1.3 | 1,744 | -28.4 |
| 2/08 | 73,235 | 2.2 | 70,249 | 0.5 | 2,986 | 72.1 | 2,058 | -27.1 |
| 3/08 | 71,246 | -5.4 | 67,838 | -5.4 | 3,408 | -4.6 | 3,411 | 13.4 |
| 4/08 | 70,794 | -4.4 | 67,231 | -6.4 | 3,563 | 60.9 | 2,497 | 27.9 |
| 5/08 | 65,182 | -0.9 | 61,707 | -2.8 | 3,475 | 51.8 | 2,627 | 14.9 |
| 6/08 | 71,416 | 0.4 | 66,617 | -3.1 | 4,799 | 102.0 | 2,533 | 74.7 |
| 7/08 | 73,244 | 0.6 | 70,381 | 0.0 | 2,863 | 18.1 | 1,843 | 19.7 |
| 8/08 | 60,846 | -9.9 | 58,483 | -10.8 | 2,363 | 23.6 | 2,891 | 116.6 |
| 9/08 | 70,005 | 1.0 | 67,159 | 0.7 | 2,846 | 7.5 | 3,622 | 49.9 |
| 10/08 | 71,168 | -8.4 | 69,067 | -8.0 | 2,101 | -19.3 | 2,256 | 20.5 |
| 11/08 | 63,629 | -16.3 | 60,689 | -18.0 | 2,940 | 43.3 | 1,277 | -42.8 |
| 12/08 | 57,685 | -17.5 | 55,670 | -17.1 | 2,015 | -27.7 | 1,393 | -27.1 |
| 1/09 | 52,686 | -21.8 | 51,278 | -21.6 | 1,408 | -27.7 | 2,020 | 15.8 |
| 2/09 | 49,313 | -32.7 | 47,700 | -32.1 | 1,613 | -46.0 | 1,803 | -12.4 |
| 3/09 | 53,198 | -25.3 | 50,035 | -26.2 | 3,163 | -7.2 | 4,276 | 25.4 |
| 4/09 | 52,402 | -26.0 | 50,242 | -25.3 | 2,160 | -39.4 | 3,253 | 30.3 |
| 5/09 | 44,767 | -31.3 | 43,243 | -29.9 | 1,524 | -56.1 | 3,329 | 26.7 |
| 6/09 | 53,452 | -25.2 | 51,144 | -23.2 | 2,308 | -51.9 | 4,615 | 82.2 |
| 7/09 | 58,032 | -20.8 | 55,273 | -21.5 | 2,759 | -3.6 | 2,913 | 58.1 |
| 8/09 | 50,531 | -17.0 | 48,281 | -17.4 | 2,250 | -4.8 | 3,556 | 23.0 |
| 9/09 | 57,984 | -17.2 | 55,172 | -17.8 | 2,812 | -1.2 | 5,635 | 55.6 |
| 10/09 | 61,614 | -13.4 | 59,835 | -13.4 | 1,779 | -15.3 | 2,754 | 22.1 |
| 11/09 | 58,795 | -7.6 | 57,020 | -6.0 | 1,775 | -39.6 | 3,618 | 183.3 |
| 12/09 | 55,926 | -3.0 | 53,661 | -3.6 | 2,265 | 12.4 | 3,290 | 136.2 |
| 1/10 | 53,961 | 2.4 | 52,589 | 2.6 | 1,372 | -2.6 | 2,464 | 22.0 |
| 2/10 | 54,863 | 11.3 | 53,484 | 12.1 | 1,379 | -14.5 | 4,010 | 122.4 |
| 3/10 | 60,145 | 13.1 | 57,023 | 14.0 | 3,122 | -1.3 | 3,446 | -19.4 |
| 4/10 | 56,200 | 7.2 | 54,033 | 7.5 | 2,167 | 0.3 | 2,555 | -21.5 |
| 5/10 | 49,708 | 11.0 | 47,973 | 10.9 | 1,735 | 13.8 | 2,670 | -19.8 |
| 6/10 | 56,668 | 6.0 | 54,392 | 6.4 | 2,276 | -1.4 | 2,527 | -45.2 |
| 7/10 | 59,579 | 2.7 | 56,887 | 2.9 | 2,692 | -2.4 | 2,455 | -15.7 |

Source: The Japanese Electric Wire & Cable Makers' Association *to date

Copper cable demand has been weak overall, but is recovering from its low. Going forward, however, there could be concerns of a decline for automobile-use products, among others.

## Table 27: Copper cable shipments by sector (tonnes)

| | Construction & cable sales | | Electric machinery | | Utilities | | Automobiles | |
|---|---|---|---|---|---|---|---|---|
| | Volume | yoy (%) | Volume | yoy (%) | Volume | yoy (%) | Volume | yoy (%) |
| FY05 | 391,336 | 6.5 | 205,523 | 0.0 | 71,670 | 7.0 | 84,625 | 6.8 |
| FY06 | 386,250 | -1.3 | 208,489 | 1.4 | 74,248 | 3.6 | 88,574 | 4.7 |
| FY07 | 372,590 | -3.5 | 205,218 | -1.6 | 74,440 | 0.3 | 94,167 | 6.3 |
| FY08 | 374,101 | 0.4 | 188,388 | -8.2 | 80,298 | 7.9 | 87,026 | -7.6 |
| FY09 | 273,921 | -26.8 | 150,857 | -19.9 | 72,455 | -9.8 | 70,884 | -18.5 |
| FY10* | 85,505 | -5.9 | 59,066 | 37.0 | 23,268 | -1.7 | 24,473 | 22.5 |
| 8/07 | 30,729 | 2.0 | 15,633 | -3.1 | 6,102 | 5.2 | 6,265 | -1.6 |
| 9/07 | 29,333 | -6.6 | 16,474 | -7.4 | 5,837 | -13.1 | 8,132 | 1.1 |
| 10/07 | 34,678 | -0.9 | 17,740 | -2.1 | 6,940 | 1.4 | 8,611 | 9.8 |
| 11/07 | 32,632 | -6.7 | 18,356 | 1.6 | 6,696 | 4.1 | 9,029 | 12.8 |
| 12/07 | 31,530 | -7.3 | 16,583 | -4.4 | 4,776 | -6.8 | 8,166 | 5.5 |
| 1/08 | 28,265 | -4.9 | 16,291 | -2.7 | 6,404 | 5.8 | 7,413 | 12.3 |
| 2/08 | 31,474 | -2.8 | 17,587 | 2.3 | 6,042 | -3.5 | 8,911 | 14.4 |
| 3/08 | 28,441 | -12.6 | 17,636 | -2.9 | 6,264 | -0.0 | 8,976 | 13.8 |
| 4/08 | 29,560 | -13.9 | 17,146 | 0.9 | 6,237 | -1.8 | 7,663 | 2.7 |
| 5/08 | 25,438 | -9.0 | 16,337 | -0.3 | 6,557 | -4.8 | 6,988 | 16.2 |
| 6/08 | 27,842 | -9.3 | 17,301 | -2.7 | 6,590 | 9.5 | 8,414 | 8.7 |
| 7/08 | 31,312 | -3.6 | 17,180 | -3.4 | 6,363 | 4.0 | 8,578 | 15.2 |
| 8/08 | 27,135 | -11.7 | 13,710 | -12.3 | 5,630 | -7.7 | 6,271 | 0.1 |
| 9/08 | 29,509 | 0.6 | 16,414 | -0.4 | 6,027 | 3.3 | 8,504 | 4.6 |
| 10/08 | 30,932 | -10.8 | 16,615 | -6.3 | 7,007 | 1.0 | 7,684 | -10.8 |
| 11/08 | 27,256 | -16.5 | 13,907 | -24.2 | 6,309 | -5.8 | 7,040 | -22.0 |
| 12/08 | 27,324 | -13.3 | 12,200 | -26.4 | 5,232 | 9.5 | 5,576 | -31.7 |
| 1/09 | 24,871 | -12.0 | 10,221 | -37.3 | 6,455 | 0.8 | 4,464 | -39.8 |
| 2/09 | 24,320 | -22.7 | 8,833 | -49.8 | 5,596 | -7.4 | 3,587 | -59.7 |
| 3/09 | 24,881 | -12.5 | 9,225 | -47.7 | 6,220 | -0.7 | 3,877 | -56.8 |
| 4/09 | 24,573 | -16.9 | 9,858 | -42.5 | 6,075 | -2.6 | 4,094 | -46.6 |
| 5/09 | 19,148 | -24.7 | 9,441 | -42.2 | 5,362 | -18.2 | 4,286 | -38.7 |
| 6/09 | 22,699 | -18.5 | 11,396 | -34.1 | 5,718 | -13.2 | 5,677 | -32.5 |
| 7/09 | 24,474 | -21.8 | 12,422 | -27.7 | 6,508 | 2.3 | 5,928 | -30.9 |
| 8/09 | 22,023 | -18.8 | 10,158 | -25.9 | 5,945 | 5.6 | 4,933 | -21.3 |
| 9/09 | 23,153 | -21.5 | 13,100 | -20.2 | 6,850 | 13.7 | 6,705 | -21.2 |
| 10/09 | 24,375 | -21.2 | 14,043 | -15.5 | 8,067 | 15.1 | 6,693 | -12.9 |
| 11/09 | 23,729 | -12.9 | 13,785 | -0.9 | 6,855 | 8.7 | 6,791 | -3.5 |
| 12/09 | 23,679 | -13.3 | 13,705 | 12.3 | 4,255 | -18.7 | 6,462 | 15.9 |
| 1/10 | 22,343 | -10.2 | 13,306 | 30.2 | 5,359 | -17.0 | 5,857 | 31.2 |
| 2/10 | 21,415 | -11.9 | 14,188 | 60.6 | 5,502 | -1.7 | 6,569 | 83.1 |
| 3/10 | 22,310 | -10.3 | 15,455 | 67.5 | 5,959 | -4.2 | 6,889 | 77.7 |
| 4/10 | 22,006 | -10.4 | 14,611 | 48.2 | 5,857 | -3.6 | 6,145 | 50.1 |
| 5/10 | 18,298 | -4.4 | 13,855 | 46.8 | 5,571 | 3.9 | 5,329 | 24.3 |
| 6/10 | 21,789 | -4.0 | 15,192 | 33.3 | 5,593 | -2.2 | 6,447 | 13.6 |
| 7/10 | 23,412 | -4.3 | 15,408 | 24.0 | 6,247 | -4.0 | 6,552 | 10.5 |

Source: The Japanese Electric Wire & Cable Makers' Association * to date

Construction-related demand remains weak. Demand from the automobile and machinery areas is providing support, but momentum is weakening.

## Table 28: Nonferrous smelter's metal price, forex assumptions, and UBS forecasts

| | | | | FY10 companies' assumptions | | | Average of | Current | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | FY09 | Mitsui | Mitsubishi | Sumitomo | DOWA | FY10 | Price | FY10E | FY11E | FY12E | FY13E | FY14E |
| Copper | ¢/lb | 277.3 | 289.8 | 289.0 | 294.9 | 300.9 | 330.4 | 384.1 | 351.0 | 358.8 | 313.8 | 260.0 | 225.9 |
| Zinc | ¢/lb | 87.8 | 91.0 | - | - | 91.0 | 93.5 | 116.0 | 97.1 | 108.8 | 106.3 | 93.8 | 84.7 |
| Nickel | US$/lb | 7.8 | - | - | 9.0 | - | 10.0 | 10.5 | 10.0 | 9.4 | 9.4 | 9.2 | 9.1 |
| Lead | ¢/lb | 89.9 | 90.2 | - | - | - | 92.4 | 115.3 | 95.3 | 101.3 | 97.5 | 81.3 | 58.8 |
| Gold | US$/oz | 1,023.9 | - | - | 1,050.0 | - | 1,227.7 | 1,334.0 | 1,313.0 | 1,353.8 | 1,233.8 | 1,118.8 | 1,067.3 |
| Indium | US$/kg | 508.2 | - | - | - | 477.5 | 579.4 | 557.5 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 |
| Exchange rate | ¥/US$ | 90.3 | 90.5 | 90.5 | 90.0 | 90.5 | 88.0 | 81.4 | 85.0 | 85.0 | 85.0 | 85.0 | 85.0 |

Source: Datastream, Company data, UBS estimates As of 26 October 2010

## Table 29: Nonferrous smelting companies' real sensitivity to metal prices and exchange rates for FY10

| (¥m) | | Copper price 10¢/lb change | Zinc price 10¢/lb change | Gold price US$10/oz change | Lead 10¢/lb change | Nickel price US$/lb change | Indium US$10 0/kg change | ¥1 depreciation against US$ |
|---|---|---|---|---|---|---|---|---|
| Mitsui Mining & Smelting | OP | 0 | 2,000 | --- | 220 | --- | --- | 300 |
| | EQ method profit / loss | 40 | 200 | --- | --- | --- | --- | --- |
| Mitsubishi Materials | OP | 500 | --- | --- | --- | --- | --- | 400 |
| | Received dividend | 1,000 | --- | --- | --- | --- | --- | --- |
| Sumitomo Metal Mining | OP | 1,100 | 670 | 500 | --- | 8,000 | --- | 900 |
| | EQ method profit / loss | 1,340 | 440 | --- | --- | 2,000 | --- | --- |
| DOWA Holdings | OP | 90 | 900 | --- | --- | --- | 600 | 250 |

Source: Company data, UBS

## Table 30: General trading companies' real sensitivity to metal prices and exchange rates (FY10)

| (¥mn) | Crude Oil | Forex | | | Interest rate | Copper |
|---|---|---|---|---|---|---|
| Company | per 1USD/bbl rise | 1 yen/USD appreciation | 1 yen/AUD appreciation | 1 yen/BRL appreciation | 1% up | per 1c/lb rise |
| Itochu | 300 | -1,500 | - | - | -2000 | - |
| Marubeni | 300 | -300～-400 | - | - | - | 88 |
| Mitsui | 1,500 | -900 | -2,100 | -700 | - | - |
| Sumitomo | 80 | -600 | - | - | - | 66 |
| Mitsubishi | 1,000 | -2,100 | - | - | - | - |

*BRL: Brazilian Real

| (¥mn)<br>Company | Nickel<br>per 1 USD/lb rise | Aluminium<br>per 1c/lb rise | Zinc<br>per 1c/lb rise | Lead<br>per 1c/lb rise | Vanadium<br>per 1$/lb rise | Molybdenum<br>per 1$/lb rise |
|---|---|---|---|---|---|---|
| Itochu | - | - | - | - | - | - |
| Marubeni | - | - | - | - | - | - |
| Mitsui | 1,500 | - | - | - | - | - |
| Sumitomo | - | - | 210 | 70 | - | - |
| Mitsubishi | - | 220 | - | - | - | - |

| (¥mn)<br>Company | Iron ore<br>per 1 USD/ton rise | Coal<br>per 1 USD/ton rise | Thermal coal<br>per 1 USD/ton rise | Gold<br>per 1$/oz rise | Silver<br>per 1$/oz rise |
|---|---|---|---|---|---|
| Itochu | 800 | 160 | 240 | - | - |
| Marubeni | - | - | - | - | - |
| Mitsui | 2,100 | - | - | - | - |
| Sumitomo | 40 | 120 | 100 | - | 600 |
| Mitsubishi | - | - | - | - | - |

Source: Company data, UBS estimates

## Table 31: General trading companies' metal prices and exchange rates assumptions (FY10)

| | Crude Oil | Forex | | | Interest rate | Copper |
|---|---|---|---|---|---|---|
| Company | USD/bbl | yen/USD | yen/AUD | yen/BRL | % | c/lb |
| Itochu | 79 | 90 | 81 | - | 0.5 (TIBOR) | - |
| Marubeni | 75 | 90 | - | - | - | 295 |
| Mitsui | 76 | 90 | 85 | 50 | - | - |
| Sumitomo | 75 | 90 | - | - | Japan 0.60, US 1.0 | 281 |
| Mitsubishi | 75 | 90 | 80 | - | 0.45 (TIBOR), 0.5 (USD, LIBOR) | 310 |

| Company | Nickel<br>USD/lb | Aluminium<br>c/lb | Zinc<br>c/lb | Lead<br>c/lb | Vanadium<br>$/lb | Molybdenum<br>$/lb |
|---|---|---|---|---|---|---|
| Itochu | - | - | - | - | - | - |
| Marubeni | - | - | - | - | - | - |
| Mitsui | 8.3 | - | - | - | - | - |
| Sumitomo | - | - | 89 | 90 | - | - |
| Mitsubishi | - | 95 | - | - | - | - |

| Company | Iron ore (Fine)<br>$/ton | Coking coal<br>$/ton | Thermal coal<br>$/ton | Gold<br>$/oz | Silver<br>$/oz |
|---|---|---|---|---|---|
| Itochu | 114 | 200 | 98 | - | - |
| Marubeni | - | - | - | - | - |
| Mitsui | - | - | - | - | - |
| Sumitomo | 70 | 200 | 98 | - | 15.2 |
| Mitsubishi | - | - | - | - | - |

Source: Company estimates, UBS estimates

### Table 31: General trading companies' metal price and exchange rate assumptions (FY09)

| | Crude Oil | Forex | | | Interest rate | Copper |
|---|---|---|---|---|---|---|
| Company | USD/bbl | yen/USD | yen/AUD | yen/BRL | % | c/lb |
| Itochu | 60 | 93 | 75 | NA | 0.6 (TIBOR) | - |
| Marubeni | 50 | 95 | NA | NA | NA | 200 |
| Mitsui | 62 | 92 | 78 | 49 | NA | 214 |
| Sumitomo | 60 | 93 | NA | NA | Japan 0.61, US 0.85 | 224 |
| Mitsubishi | 50 | 93 | 76 | NA | 0.7 (TIBOR), 1.0 (USD, LIBOR) | 175 |

| | Nickel | Aluminium | Zinc | Lead | Vanadium | Molybdenum |
|---|---|---|---|---|---|---|
| Company | USD/lb | c/lb | c/lb | c/lb | $/lb | $/lb |
| Itochu | - | - | - | - | - | - |
| Marubeni | - | NA | - | - | - | NA |
| Mitsui | 6.2 | NA | NA | - | - | NA |
| Sumitomo | - | - | 69 | 73 | - | NA |
| Mitsubishi | - | 68 | - | - | - | NA |

| | Iron ore | Coking coal | Thermal coal | Gold | Silver |
|---|---|---|---|---|---|
| Company | $/ton | $/ton | $/ton | $/oz | $/oz |
| Itochu | NA | 128 | 70 | - | - |
| Marubeni | NA | 129 | 70 | NA | - |
| Mitsui | NA | 128 | 71 | NA | - |
| Sumitomo | NA | 128 | 70 | NA | 13.8 |
| Mitsubishi | NA | NA | NA | NA | - |

Source: Company estimates, UBS estimates

### Table 32: Global wireline capex by region

| US$m | 2004A | 2005A | 2006A | 2007A | 2008A | 2009E | 2010E |
|---|---|---|---|---|---|---|---|
| Asia ex Japan | 16,198 | 17,026 | 17,450 | 19,368 | 21,151 | 19,947 | 19,113 |
| YoY | -4.6% | 5.1% | 2.5% | 11.0% | 9.2% | -5.7% | -4.2% |
| Japan | 9,850 | 10,433 | 9,189 | 8,840 | 10,559 | 12,010 | 10,777 |
| YoY | 19.2% | 5.9% | -11.9% | -3.8% | 19.4% | 13.7% | -10.3% |
| US | 23,303 | 24,791 | 27,556 | 30,803 | 29,748 | 24,972 | 24,828 |
| YoY | -5.5% | 6.4% | 11.2% | 11.8% | -3.4% | -16.1% | -0.6% |
| Europe | 19,445 | 21,495 | 23,854 | 26,494 | 27,586 | 23,241 | 23,534 |
| YoY | 15.4% | 10.5% | 11.0% | 11.1% | 4.1% | -15.8% | 1.3% |
| LATAM | 3,296 | 4,168 | 4,183 | 4,974 | 5,492 | 4,473 | 4,554 |
| YoY | 29.1% | 22.3% | 0.4% | 18.9% | 10.4% | -18.6% | 1.8% |
| ROW | 4,389 | 3,988 | 4,198 | 4,683 | 4,992 | 3,549 | 4,186 |
| YoY | 37.7% | -9.1% | 5.3% | 11.6% | 6.6% | -28.9% | 17.9% |
| Global | 76,481 | 81,900 | 86,432 | 95,162 | 99,528 | 88,192 | 86,992 |
| YoY | 5.6% | 7.1% | 5.5% | 10.1% | 4.6% | -11.4% | -1.4% |

Source: Company data, UBS estimates

## Table 33: Metal Guru review (1)

| Vol | Issued | Topic | Relevant companies |
|---|---|---|---|
| 1 | 10 Jul 03 | (1) Birth of the world's largest steel mill | JFE Holdings |
| | | (2) Nippon Light Metal is the leader in the power and paste niche business | Nippon Light Metal |
| 2 | 14 Aug 03 | (1) FPC special (1) | Sumitomo Electric Industries, Fujikura |
| 3 | 24 Sep 03 | (1) Transformation taking place at the Kashima Steel Works | Sumitomo Metal Industries |
| | | (2) Akita Zinc is addressing adverse business conditions | Dowa Mining |
| 4 | 17 Oct 03 | (1) FPC special (2) | Sumitomo Electric Industries, Fujikura |
| | | (2) Mitsubishi Material's cement business | Mitsubishi Materials |
| 5 | 10 Nov 03 | (1) Nippon Fruehauf aims for sustained growth | Nippon Light Metal |
| | | (2) Visit to the world's most productive H-beam plant | Tokyo Steel |
| | | (3) FPC special (3) | Sumitomo Electric Industries, Fujikura |
| 6 | 22 Dec 03 | (1) We believe the blast furnace sector has successfully met its first major challenge since realignment | Nippon Steel, Sumitomo Metal Industries, Kobe Steel, JFE Holdings |
| 7 | 30 Jan 04 | (1) Optimization at the Oita Steel Works | Nippon Steel |
| 8 | 20 Feb 04 | (1) Outlook for optical fibre demand in Japan | Furukawa Electric, Sumitomo Electric Industries, Fujikura |
| | | (2) Furukawa Electric's semiconductor tape business | Furukawa Electric |
| | | (3) FPC (4): North's NMBI | Sumitomo Electric Industries, Fujikura |
| 9 | 18 Mar 04 | (1) Taiwan's FPC sector | Sumitomo Electric Industries, Fujikura |
| | | (2) We attended the world's largest optical product trade show | Hitachi Metals, Furukawa Electric, Sumitomo Electric Industries, Hitachi Cable |
| 10 | 23 Apr 04 | (1) Current situation and outlook for aluminium rolled products | Kobe Steel, Nippon Light Metal, Mitsubishi Materials, Furukawa Electric |
| | | (2) Visit to Nisshin Steel's stainless steel joint venture company in China | Nisshin Steel |
| 11 | 21 May 04 | (1) Coal-based directly reduced iron production method | Kobe Steel |
| | | (2) Visit to Fujikura's FPC production base in Thailand | Fujikura |
| | | (3) Dowa Mining: Environmental operations in China | Dowa Mining |
| 12 | 24 Jun 04 | (1) Sub-sector market trends | All coverage companies |
| 13 | 28 Jul 04 | (1) Focus on target materials | Kobe Steel, Hitachi Metals, Mitsui Mining & Smelting, Mitsubishi Materials |
| | | (2) Steel business Q&A | Nippon Steel, Sumitomo Metal Industries, Kobe Steel, Nisshin Steel, JFE Holdings, Tokyo Steel |
| 14 | 25 Aug 04 | (1) Mitsubishi Materials' aluminium 'bottle' business | Mitsubishi Materials |
| | | (2) Researching TAB supply volumes | Mitsui Mining, Hitachi Cable |
| | | (3) Trends for thin steel sheet | Nippon Steel, Sumitomo Metal Industries, Kobe Steel, Nisshin Steel, JFE Holdings, Tokyo Steel |
| 15 | 22 Sep 04 | (1) Next-generation networks proposed by Hitachi Cable | Hitachi Cable |
| 16 | 27 Oct 04 | (1) Sumitomo Metal (Kokura) Ltd.: Aiming to become the strongest brand | Sumitomo Metal Industries |
| | | (2) Expanding Okayama Clean Works | Dowa Mining |
| 17 | 21 Dec 04 | (1) A resource recycling steel mill: Nippon Steel's Hirohata Works | Nippon Steel |
| | | (2) Foreign shareholder trends as at end-September | All coverage companies |
| 18 | 22 Feb 05 | (1) The road to broadband (1) | Furukawa Electric, Sumitomo Electric Industries, Fujikura, Hitachi Cable |
| | | (2) Blast furnace capacity: Current situation and outlook | Nippon Steel, Sumitomo Metal Industries, Kobe Steel, JFE Holdings |
| 19 | 25 Mar 05 | (1) Urban mining: Mitsubishi Materials' Naoshima smelter | Mitsubishi Materials |
| | | (2) Corning forecasts a recovery in optical fibre demand | Furukawa Electric, Sumitomo Electric Industries, Fujikura, Hitachi Cable |
| | | (3) OFC/NFOC report | Furukawa Electric, Sumitomo Electric Industries, Fujikura, Hitachi Cable |
| | | (4) Visit to Furukawa Circuit Foil | Furukawa Electric |
| | | (5) Ongoing structural reform at Sumitomo Metal's Kashima works | Sumitomo Metal Industries |
| 20 | 26 Apr 05 | (1) Dowa Mining: Core facilities in the enviromental mgmt. & recycling business | Dowa Mining |
| | | (2) Seeking further benefits from the three-way tie-up | Nippon Steel, Sumitomo Metal Industries, Kobe Steel |
| | | (3) UBS revises up its outlook for global teleco capex | Furukawa Electric, Sumitomo Electric Industries, Fujikura, Hitachi Cable |
| | | (4) The road to broadband (2) | Furukawa Electric, Sumitomo Electric Industries, Fujikura, Hitachi Cable |

Source: UBS

## Table 34: Metal Guru review (2)

| Vol | Issued | | Topic | Relevant companies |
|---|---|---|---|---|
| 21 | 28 Jun 05 | (1) | Soft magnetic materials could determine the future of Hitachi Metals | Hitachi Metals |
| | | (2) | Status of JFE's Chinese steel sheet JV | JFE Holdings |
| 22 | 26 Jul 05 | (1) | Visit to Fujikura's Thai production bases | Fujikura |
| 23 | 31 Aug 05 | (1) | Analysing the earnings structure of the non-ferrous metals sector | Mitsui Mining, Mitsubishi Material, Sumitomo Metal Mining, Dowa Mining |
| | | (2) | High-grade steel weighting rising steadily at Kobe Steel | Kobe Steel |
| | | (3) | Keys to Mitsubishi Material's strengths in the carbide tool business | Mitsubishi Materials |
| 24 | 28 Sep 05 | (1) | Japan steel sector's strength to be tested | |
| | | (2) | Understanding the non-ferrous metals sector (Part II) | Mitsui Mining, Mitsubishi Material, Sumitomo Metal Mining, Dowa Mining |
| | | (3) | Factory visit: Sumitomo Metal Mining's Besshi plant | Sumitomo Metal Mining |
| 25 | 25 Oct 05 | (1) | Gresik Smelter Strong growth potential | Mitsubishi Materials |
| 26 | 16 Dec 05 | (1) | The superconductivity market and cable maker R&D | Furukawa Electric, Sumitomo Electric Industries, Fujikura, Hitachi Cable |
| 27 | 30 Jan 06 | (1) | Flagship mill: Nippon Steel Kimitsu Works | Nippon Steel |
| | | (2) | Sumitomo Metal Mining's electric nickel operation | Sumitomo Metal Mining |
| | | (3) | Nisshin Steel's Toyo plant enters a harvest period | Nisshin Steel |
| 28 | 27 Feb 06 | (1) | From rejuvenation to growth: Challenges at Wakayama Steel Works | Sumitomo Metal Industries |
| | | (2) | Railway Automotive & Machinery Parts Company growing steadily | Sumitomo Metal Industries |
| 29 | 04 Apr 06 | (1) | The 2006 OFC/NFOEC | Furukawa Electric, Sumitomo Electric Industries, Fujikura, Hitachi Metalrs, SMM |
| | | (2) | Corning's analysis of the optical fibre market | |
| | | (3) | Global telco capex forecast revised up | Furukawa Electric, Sumitomo Electric Industries, Fujikura, Hitachi Cable |
| | | (4) | JFE Steel Chita Works: Differentiation leading to high profitability | JFE Holdings |
| 30 | 26 Jul 06 | (1) | Dowa Mining's semiconductor business in an expansion phase | Dowa Mining |
| | | (2) | Onahama Smelting & Refining undergoing changes | Mitsubishi Materials |
| 31 | 29 Aug 06 | (1) | Metal Processing business: Aiming to use proactive investment to support further progress | Dowa Mining |
| | | (2) | Supply base for high-grade wire rod: Nippon Steel's Kamaishi Works | Nippon Steel |
| | | (3) | Company business structures and market shares | Nippon Steel, Sumitomo Metal Industries, Kobe Steel, Nisshin Steel, JFE Holdings, Tokyo Steel, Daido Steel, Hitachi Metals, Nippon Light Metal, Mitsui Mining, Sumitomo Metal Mining, Dowa Mining, Furukawa Electric, Sumitomo Electric Industries, Fujikura, Hitachi Cable |
| 32 | 02 Oct 06 | (1) | Visit to Furukawa-Sky's Fukui plant, Japan's biggest aluminium rolling plant | Furukawa-Sky |
| | | (2) | Further divergence in steel product supply-demand | |
| 33 | 31 Oct 06 | (1) | Structural analysis of the speciality steel industry (Part 1) | Daido Steel, Hitachi Metals |
| | | (2) | Visit to Fujikura's Thailand manufacturing base<br>Fujikura Thailand, PCTT, DDK (THAILAND) Ltd | Fujikura |
| | | (3) | Mitsubishi Materials: Expanding carbide tool operation in Thailand | Mitsubishi Materials |
| 34 | 07 Feb 07 | (1) | Kobe Steel's machinery & engineering company | Kobe Steel |
| | | (2) | Nisshin Steel's Shunan works: The leading stainless steel plant in Japan | Nisshin Steel |
| | | (3) | Structural analysis of the specialty steel industry (Part 2): The sector's competitive landscape | Daido Steel, Hitachi Metals, BF steelmakers |
| 35 | 13 Mar 07 | (1) | Blast furnace specialty steelmakers: SMI, Kobe Steel, JFE HD | Sumitomo Metal Industries, Kobe Steel, JFE Holdings |
| | | (2) | MMS: High-added value copper foil, now in growth phase | Mitsui Mining |
| 36 | 06 Apr 07 | (1) | Daido Steel: One of the world's largest EAF speciality steelmakers | Daido Steel |
| | | (2) | Sanyo Special Steel: Top bearing steel manufacturer | Sanyo Special Steel |
| | | (3) | Current state of the European FTTH market | |
| 37 | 23 Apr 07 | (1) | Dynamism of the S.Korean steel industry & changing trade flows (1) | POSCO, Hyundai Steel, Hyndai Hysco, Dongkuk Steel |
| | | (2) | The 2007 OFC/NFOEC | Furukawa Electric, Sumitomo Electric Industries, Fujikura |
| 38 | 17 Jul 07 | (1) | Nippon Mining Holdings: Saganoseki Smelter & Refinery | Nippon Mining Holdings |
| | | (2) | Dynamism of the S.Korean steel industry & changing trade flows (2) | POSCO, Hyundai Steel, Dongkuk Steel |
| | | (3) | POSCO: FINEX method | POSCO |
| 39 | 04 Sep 07 | (1) | Nippon Steel: Japan's largest speciality steel manufacturer | Nippon Steel |
| | | (2) | Muroran works is the heart of the speciality steel complex | Nippon Steel |
| | | (3) | Evolution of the world's largest steel works | JFE Holdings |
| 40 | 25 Sep 07 | (1) | The road to broadband (3): Broadband investments spreading out globally | Cable companies |
| | | (2) | Speciality steel supply-demand forecasts: Market to tighten in 2009 | Daido Steel, BF steelmakers |
| | | (3) | Considering the likely timing for a bottoming of the stainless steel market | Nisshin Steel |

Source: UBS

## Table 35: Metal Guru review (3)

| Vol | Issued | | Topic | Relevant companies |
|---|---|---|---|---|
| 41 | 24 Oct 07 | (1) | Neodymium magnet market update & rare earth metals supply-demand | Hitachi Metals |
| | | (2) | A comprehensive recycling company: Kyoei Steel | Kyoei Steel |
| | | (3) | Mitsubishi Materials' high-performance materials, which are expected to see growing use in aircraft | Mitsubishi Materials |
| 42 | 29 Jan 08 | (1) | Hitachi Metal's automotive components: Strong growth expectations | Hitachi Metals |
| | | (2) | Daido Steel: Materials used in air craft as growth driver, and a note on the Shibukawa plant | Daido Steel |
| 43 | 05 Mar 08 | (1) | Structural analysis of the EAF ordinary steel industry (part 1) | Tokyo Steel, Godo Steel, Kyoei Steel |
| 44 | 04 Apr 08 | (1) | Mitsubishi Materials' US cement business | Mitsubishi Materials |
| | | (2) | 2008 OFC/NFOEC | Furukawa Electric, Sumitomo Electric Industries, Fujikura, Sumitomo Metal Mining |
| | | (3) | Optical fibre demand trends: Visit to the OFS norcross plant | Furukawa Electric |
| 45 | 28 Apr 08 | (1) | Structural analysis of the EAF ordinary steel industry (part 2) | Tokyo Steel, Godo Steel, Kyoei Steel |
| | | (2) | SMI: Expanding forged crankshaft operations in China | Sumitomo Metal Industries |
| 46 | 24 Jun 08 | (1) | Structural analysis of the EAF ordinary steel industry (part 3) | Tokyo Steel, Godo Steel, Kyoei Steel |
| | | (2) | Trends in the stainless steel sheet market | Nisshin Steel |
| 47 | 22 Sep 08 | (1) | Structural analysis of the EAF ordinary steel industry (part 4) | Tokyo Steel, Godo Steel, Kyoei Steel |
| 48 | 29 Oct 08 | (1) | Current status and outlook for the Vietnamese steel market | |
| | | (2) | Vina Kyoei Steel | Kyoei Steel |
| | | (3) | Sun Steel Joint Stock company (SUNSCO) | Maruichi Steel Tube |
| 49 | 04 Feb 09 | (1) | Sumitomo Metal Mining: CBNC growing steadily | Sumitomo Metal Mining |
| | | (2) | S.E. Asia's largest smelter: Gresik plant (Mitsubishi Material) | Mitsubishi Materials |
| 50 | 18 Mar 09 | (1) | Dynamism of the Sourth Korean steel industry & changing trade flows (3) | POSCO, Hyundai Steel, Dongbu Steel, Dongkuk Steel, Hyundai Hysco |
| | | (2) | Mitsubishi Materials' polysilicon crystal business | Mitsubishi Materials |
| | | (3) | Japan's traditional Tatara steel-making method | Hitachi Metals |
| 51 | 24 Apr 09 | (1) | Moving towards commercialisation: The superconductivity market | Furukawa Electric, Sumitomo Electric Industrieis, Fujikura, Hitachi Cable |
| 52 | 10 Jul 09 | (1) | DOWA's environmental recycling operations expand in Asia | DOWA Holdings |
| | | (2) | Asseing the outlook of the Chinese steel market, based on the Japanese example | |
| 53 | 23 Oct 09 | (1) | Nippon Steel's Oita Works | Nippon Steel |
| | | (2) | Full-fledged operation of SCOPE 21 next-generation coke technology | Nippon Steel |
| | | (3) | Competition between blast furnaces and electric arc furnaces | Tokyo Steel |
| 54 | 29 Jan 10 | (1) | The China strategies of Itochu and Marubeni (Itochu) | Itochu |
| | | (2) | The China strategies of Itochu and Marubeni (Marubeni) | Marubeni |
| | | (3) | Korea's capacity growth and the Japan market | POSCO, Nipon Steel, Sumitomo Metal Industries, Kobe Steel, JFE Holdings |
| 55 | 23 Mar 10 | (1) | Asia Steel Conference | |
| | | | China: In prparation for a soft landing | Baosteel |
| | | | India: Latent demand is substantial | Tata Steel |
| | | | South Korea: Demand is strong; self-sufficiency is gradually improving | Hyundai Steel |
| 56 | 20 Apr 10 | (1) | Sumitomo Corp.'s Ambatovy nickel project | Sumitomo Corp. |
| | | (2) | Visit to the JFE Group's Chinese facilities | JFE Holdings |
| | | (3) | MMS: Assembly and processing | Mitsui Mining & Smelting |
| | | (4) | DOWA's new incineration furnace | DOWA Holdings |
| 57 | 07 Oct 10 | (1) | Dynamism of the Sourth Korean steel industry & changinging trade flows (4) | Hundai Steel, POSCO |

Source: UBS

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## ■ Statement of Risk

The steel market and non-ferrous metal prices are heavily influenced by trends in economic conditions and forex. We would expect steel and non-ferrous metal prices to decline if the economy grows slower than we forecast. Also, heavy swings in the market and technological trends for electronic materials, for which nonferrous metal manufacturers are competitive, make it difficult to predict future moves. Cable companies' business relies heavily on specific telecom operators, and there is a risk of demand swinging suddenly depending on capital spending activity by these players.

## ■ Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

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### UBS Investment Research: Global Equity Rating Allocations

| UBS 12-Month Rating | Rating Category | Coverage[1] | IB Services[2] |
|---|---|---|---|
| **Buy** | **Buy** | 51% | 37% |
| **Neutral** | **Hold/Neutral** | 40% | 33% |
| **Sell** | **Sell** | 9% | 22% |
| **UBS Short-Term Rating** | **Rating Category** | **Coverage[3]** | **IB Services[4]** |
| **Buy** | **Buy** | less than 1% | 20% |
| **Sell** | **Sell** | less than 1% | 0% |

1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 September 2010.

### UBS Investment Research: Global Equity Rating Definitions

| UBS 12-Month Rating | Definition |
|---|---|
| **Buy** | FSR is > 6% above the MRA. |
| **Neutral** | FSR is between -6% and 6% of the MRA. |
| **Sell** | FSR is > 6% below the MRA. |
| **UBS Short-Term Rating** | **Definition** |
| **Buy** | Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event. |
| **Sell** | Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event. |

## KEY DEFINITIONS

**Forecast Stock Return (FSR)** is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.
**Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).
**Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.
**Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.
**Equity Price Targets** have an investment horizon of 12 months.

## EXCEPTIONS AND SPECIAL CASES

**UK and European Investment Fund ratings and definitions are:** Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Sell: Negative on factors such as structure, management, performance record, discount.
**Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

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**UBS Securities Japan Ltd:** Atsushi Yamaguchi; Katsuya Takeuchi; Hisami Enomoto.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

Additional Prices: Sumitomo Metal Mining, ¥1,320 (26 Oct 2010); Source: UBS. All prices as of local market close.

**Company profile and fee and risk statement under the Japanese Financial Instruments & Exchange Law**

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